Manitoba Finance

Annual Report 2002-2003

Manitoba

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Annual Report
2002-2003

Manitoba

MINISTER OF FINANCE

Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

To His Honour
Peter Liba
Lieutenant-Governor of Manitoba

May It Please Your Honour:

I have the privilege of presenting, for the information of Your Honour, the Annual Report of Manitoba Finance for the year ended March 31, 2003.

Respectfully submitted,

Honourable Greg Selinger
Minister of Finance

Manitoba

104-00532/

MINISTER OF FINANCE

Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

À son Honneur
L'honorable Peter Liba
Lieutenant-gouverneur du Manitoba

Monsieur le Lieutenant-gouverneur,

J'ai le privilège de présenter à Votre Honneur, à titre d'information, le rapport annuel du ministère des Finances pour l'année financière terminée le 31 mars 2003.

Je vous prie d'agréer, Monsieur le Lieutenant-gouverneur, l'expression de mon profond respect.

Le ministre des Finances,

Greg Selinger

Manitoba

Manitoba

Deputy Minister of Finance

Room 109
Legislative Building
Winnipeg, MB R3C 0V8

Honourable Greg Selinger
Minister of Finance
103 Legislative Building
Winnipeg, Manitoba
R3C 0V8

Dear Mr. Selinger:

I have the honour of presenting for your consideration, the Annual Report of Manitoba Finance for the fiscal year ended March 31, 2003.

Respectfully submitted,

J. Patrick Gannon
Deputy Minister of Finance

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PREFACE/PRÉFACE

The overall responsibilities of the Minister and the department include:

preparing the annual Provincial Budget;

management and control of government expenditures and revenues and the evaluation of government programs;

providing policy direction on matters relating to financial management and administration and ensuring appropriate government-wide management practices and systems;

ensuring accountability for the delivery of government programs;

management and administration of the Consolidated Fund, which includes maintaining the provincial accounting and financial reporting systems, and the preparation of the annual Public Accounts and other reports which show the financial condition of the government;

managing daily cash requirements, the public debt, the investment of public money, and of loans and advances made, and guarantees given, by the government;

analysing and appraising the economic situation and prospects in Manitoba in co-operation with other ministries as appropriate;

advising on fiscal and other economic policies and measures including taxation;

advising on policies relating to Federal-Provincial fiscal and economic relations;

representing the province in negotiations and participating in meetings related to finance, taxation and economic development;

managing the province's financial assets and liabilities;

insuring government assets and managing risk; and

Les responsabilités globales du ministre et du ministère consistent à :

préparer le budget annuel provincial;

gérer et contrôler les dépenses et les recettes du gouvernement et évaluer les programmes gouvernementaux;

établir des directives en matière de gestion et d'administration financière et garantir des pratiques et des mécanismes de gestion appropriés pour l'ensemble du gouvernement;

garantir l'obligation de rendre compte en ce qui concerne la mise en œuvre des programmes gouvernementaux;

gérer et administrer le Trésor, ce qui signifie notamment : maintenir les systèmes de comptabilité et de rapport de la province, préparer les comptes publics annuels et les autres rapports qui montrent la situation financière du gouvernement;

gérer les besoins quotidiens de trésorerie, la dette publique, l'investissement de l'argent public, ainsi que les prêts, les avances et les garanties offerts par le gouvernement;

analyser et évaluer la situation économique et les perspectives du Manitoba en collaboration avec les autres ministères, lorsqu'il y a lieu;

donner des conseils sur les politiques et mesures fiscales et économiques, y compris les taxes;

donner des conseils sur les politiques concernant les relations fiscales et économiques entre le fédéral et la province;

représenter la province lors des négociations et participer aux réunions portant sur les finances, les taxes et le développement économique;

gérer l'actif et le passif de la province;

garantir l'actif du gouvernement et gérer les risques;

fostering business and consumer confidence in the marketplace and administering a regulatory framework that contributes to a competitive Manitoba economy.

Through it's efforts, the department manages strategic, financial and operational risks at a corporate level so that the value government obtains for money expended, and for revenues owing and received, is optimized.

The departmental organization structure appears in the chart on page 16. The department is comprised of six operating divisions, as well as the French Language Services Secretariat, the Treasury Board Secretariat and the Office of Information Technology.

The Administration and Finance Division provides executive administration, planning and management of departmental policies and programs. The Executive Support area of the division includes the Deputy Minister of Finance and provides advice to the Minister on all policy and program matters related to the department. Executive Support also coordinates and administers the activities of the department to meet the policy objectives of government.

The division also coordinates the department's financial, administrative and human resource functions and includes the Tax Appeal Commission and the Insurance and Risk Management Branch. The Insurance and Risk Management Branch provides centralized insurance and risk management services to government departments and agencies, including most Crown corporations.

The French Language Services (FLS) Secretariat advises the government, and the Minister responsible for French Language Services in particular, on the development of government services in the French language, and on matters relating to the FLS policy in general.

favoriser la confiance des entreprises et des consommateurs envers le marché et administrer un cadre législatif qui contribue à la compétitivité de l'économie manitobaine;)

Grâce à ses efforts, le ministère gère les risques stratégiques, financiers et d'exploitation au niveau de l'organisation, de façon à obtenir le meilleur rendement possible des dépenses effectuées par le gouvernement et des revenus qu'il possède et perçoit.

La structure de l'organisation du ministère est représentée dans un graphique en page 16. Le ministère est constitué de six divisions opérationnelles, auxquelles il faut ajouter le Secrétariat des services en langue française, le Secrétariat du Conseil du Trésor et le Bureau des technologies de l'information.

La Division de l'administration et des finances s'occupe de la haute administration ainsi que de la planification et de la gestion des politiques et des programmes du ministère. Le cabinet du ministre et le bureau du sous-ministre conseillent le ministre sur toutes les politiques et tous les programmes liés au ministère. De plus, le cabinet du ministre et le bureau du sous-ministre coordonnent et administrent les activités mises en œuvre par le ministère afin d'atteindre les objectifs du gouvernement en matière de politiques.

La Division gère les ressources humaines du ministère et coordonne ses fonctions financières et administratives. Elle regroupe aussi la Commission d'appel des impôts et des taxes ainsi que la Direction de l'assurance et de la gestion des risques. Cette dernière fournit des services centralises d'assurance et de gestion des risques aux organismes et ministères gouvernementaux, y compris la plupart des sociétés de la Couronne.

Le Secrétariat des services en langue française (SLF) conseille le gouvernement, en particulier le ministre responsable des services en langue française, au sujet de l'élaboration et de la mise en œuvre des services gouvernementaux en français, ainsi que sur toutes les questions liées à la politique des services en langue française en général.

The Treasury Division manages and administers the cash resources, borrowing programs, and all investment and debt management activities of the government. It further manages the borrowing programs and investment activities for all of its Crown corporations and government agencies. The Treasury Division also assists in the financing of municipalities, schools and hospitals and ensures that such financing is arranged.

The Comptroller Division is responsible for establishing and fostering a corporate comptrollership function across government that includes the development and operation of financial and management systems in support of legislative and governmental decision-making, service delivery effectiveness and accountability requirements.

The Taxation Division is responsible for efficiently and effectively administering the Provincial Taxation Acts and ensuring proper revenues are collected as provided in the Acts. This includes the administration, collection, processing and reporting of taxation revenues, as well as the provision of tax expertise to government, businesses collecting taxes and taxpayers. The division also investigates and audits taxpayers to ensure compliance.

The Federal-Provincial Relations and Research Division provides research and technical and analytical support in respect of national and provincial fiscal and economic matters and intergovernmental financial relations. The division also administers fiscal arrangements and tax collection agreements with the federal government, administers tax credit programs with the federal government and municipalities, and provides government-wide analytical support to inter-departmental working groups.

The Treasury Board Secretariat provides financial and analytical support and advice to the Minister of Finance and Treasury Board in fulfilling expenditure management responsibilities and provides representation of government and department management in all labour relations and compensation activities within the civil service. The Secretariat is headed by a Deputy Minister who acts as Secretary to the Board.

La Division de la trésorerie gère et administre les ressources de trésorerie, les programmes d'emprunt, les investissements et le service de la dette du gouvernement. Elle gère et administre également les programmes d'emprunt et les investissements des sociétés de la Couronne et des organismes gouvernementaux. La Division de la trésorerie participe au financement des municipalités, des écoles et des hôpitaux, et elle s'assure que les modalités de ce financement sont déterminées.

La Division du contrôleur est chargée d'établir et de développer une fonction de contrôle pour l'ensemble du gouvernement. Celle-ci inclut l'élaboration et la mise en œuvre de systèmes financiers et de gestion qui apportent un soutien en ce qui concerne la prise de décision aux niveaux législatif et gouvernemental, l'efficacité de la prestation des services et les exigences liées à l'obligation de rendre compte. La Division est chargée d'établir et de contrôler les systèmes de débours pour payer les employés et les autres prestataires des fonds gouvernementaux.

La Division des taxes est chargée de mettre en application de façon complète et efficace des lois provinciales sur les taxes et les impôts, et de faire en sorte que les recettes prévues soient perçues conformément aux dispositions des lois. Cela inclut l'administration, la perception, le traitement et la communication des recettes fiscales, ainsi que des conseils prodigués au gouvernement, aux entreprises qui perçoivent des taxes et aux contribuables. La Division effectue aussi des enquêtes et des vérifications auprès des contribuables pour s'assurer que les lois fiscales sont bien respectées.

La Division des relations fédérales-provinciales et de la recherche apporte une aide en terme de recherche, de technique et d'analyse sur les questions économiques et fiscales (tant nationales que provinciales) et sur les relations intergouvernementales de nature financière. La Division veille à l'application des arrangements fiscaux et des ententes de perception fiscale avec le gouvernement fédéral. Elle administre les programmes de crédits d'impôts avec le gouvernement fédéral et les municipalités. Elle aide aussi les groupes de travail interministériels dans le domaine de l'analyse, pour l'ensemble du gouvernement.

Le Secrétariat du Conseil du Trésor apporte au ministre des Finances et au Conseil du Trésor de l'aide et des conseils en matière de finances et d'analyse, leur permettant ainsi d'exercer leurs responsabilités dans la gestion des dépenses. Le Secrétariat agit en tant que représentant du gouvernement et du ministère dans

The Consumer and Corporate Affairs Division facilitates the resolution of disputes between consumers and businesses and tenants and landlords. The division also administers legislation for incorporation and registration of businesses, licensing of trust and loan corporations, credit unions and caisses populaires, licensing companies and individuals involved in the sale of securities, real estate, insurance and raising capital, regulates utilities and maintains registries of vital events and of interests in land and personal property.

The divisional text of this report is formatted along the same lines as the appropriation structure for the department that is used in the Estimates of Expenditure of the Province of Manitoba. This formatting will assist with cross-referencing the two documents. Exceptions to this format have been made for the Insurance and Risk Management branch, Net Tax Credit Payments and Public Debt. These areas have been included within the divisions responsible for their administration.

toutes les relations de travail et toutes les activités de compensation au sein de la fonction publique. L'organisme est placé sous la responsabilité d'un sous-ministre qui agit à titre de secrétaire du Conseil du Trésor.

La Division de la consommation et des corporations facilite la résolution des conflits entre consommateurs et entreprises, ainsi qu'entre locataires et locateurs. La Division veille également à l'application des lois et des règlements qui touchent les aspects suivants: la constitution en corporation et l'enregistrement des entreprises; la délivrance de permis aux corporations de fiducie, aux corporations de prêt, aux credit unions et aux caisses populaires; la délivrance de permis aux compagnies et aux particuliers qui vendent des valeurs mobilières, des biens immobiliers ou des contrats d'assurance, ou qui s'occupent de réunir des fonds; la réglementation relative aux services publics. La Division maintient des registres d'état civil et les registres des droits sur des biens réels et personnels.

La division du texte de ce rapport reflète la structure des crédits du ministère utilisée dans le Budget des dépenses du Manitoba. Ce formatage facilite la recherche croisée entre les deux documents. Seuls le paiement net des crédits d'impôt, la Direction de l'assurance et de la gestion des risques, et la dette publique sont formatés autrement. Ces secteurs ont été inclus à l'intérieur des divisions chargées de leur administration.

STATUTORY RESPONSIBILITIES OF THE MINISTER OF FINANCE

	Continuing Consolidation Chapter
The Balanced Budget, Debt Repayment and Taxpayer Protection Act	B 5
The Business Names Registration Act	B 110
The Business Practices Act	B120
The Cemeteries Act	C 30
The Title to Certain Lands Act (R.S.M. 1990, c. 259)	-
The Change of Name Act	C 50
The Charities Endorsement Act	C 60
The Commodity Futures Act	C 152
The Condominium Act	C 170
The Consumer Protection Act	C 200
The Cooperatives Act	C 223
The Corporations Act	C 225
The Corporation Capital Tax Act	C 226
The Credit Unions and Caisses Populaires Act	C 301
The Crown Corporations Public Review and Accountability Act	C 336
The Electronic Commerce and Information Act (Part 5)	E 55
The Embalmers and Funeral Directors Act	E 70
The Energy Rate Stabilization Act	E 115
The Manitoba Evidence Act (Parts II and III)	E 150
The Financial Administration Act	F 55
The Fire Insurance Reserve Fund Act	F 70
The Fiscal Stabilization Fund Act	F 85
The Manitoba Foundation Act	F 155
The Prearranged Funeral Services Act	F 200
The Gasoline Tax Act	G 40
The Health and Post Secondary Education Tax Levy Act	H 24
The Professional Home Economists Act	H 70
The Hospital Capital Financing Authority Act	H 125
The Housing and Renewal Corporation Act [clause 44(k)]	H 160
The Hudson's Bay Company Land Register Act	H 170
The Income Tax Act (except sections 7.5 to 7.10)	I 10
The Insurance Act	I 40
The Insurance Corporations Tax Act	I 50
The Manitoba Investment Pool Authority Act	I 100
The Landlord and Tenant Act	L 70
The Life Leases Act	L 130
The Marriage Act	M 50
The Manitoba Hydro Act	H 190
The Manitoba Investment Pool Authority Act	I 100
The Mining Claim Tax Act	M 165
The Mining Tax Act	M 195
The Mortgage Act (Part III)	M 200
The Mortgage Dealers Act	M 210
The Motive Fuel Tax Act	M 220

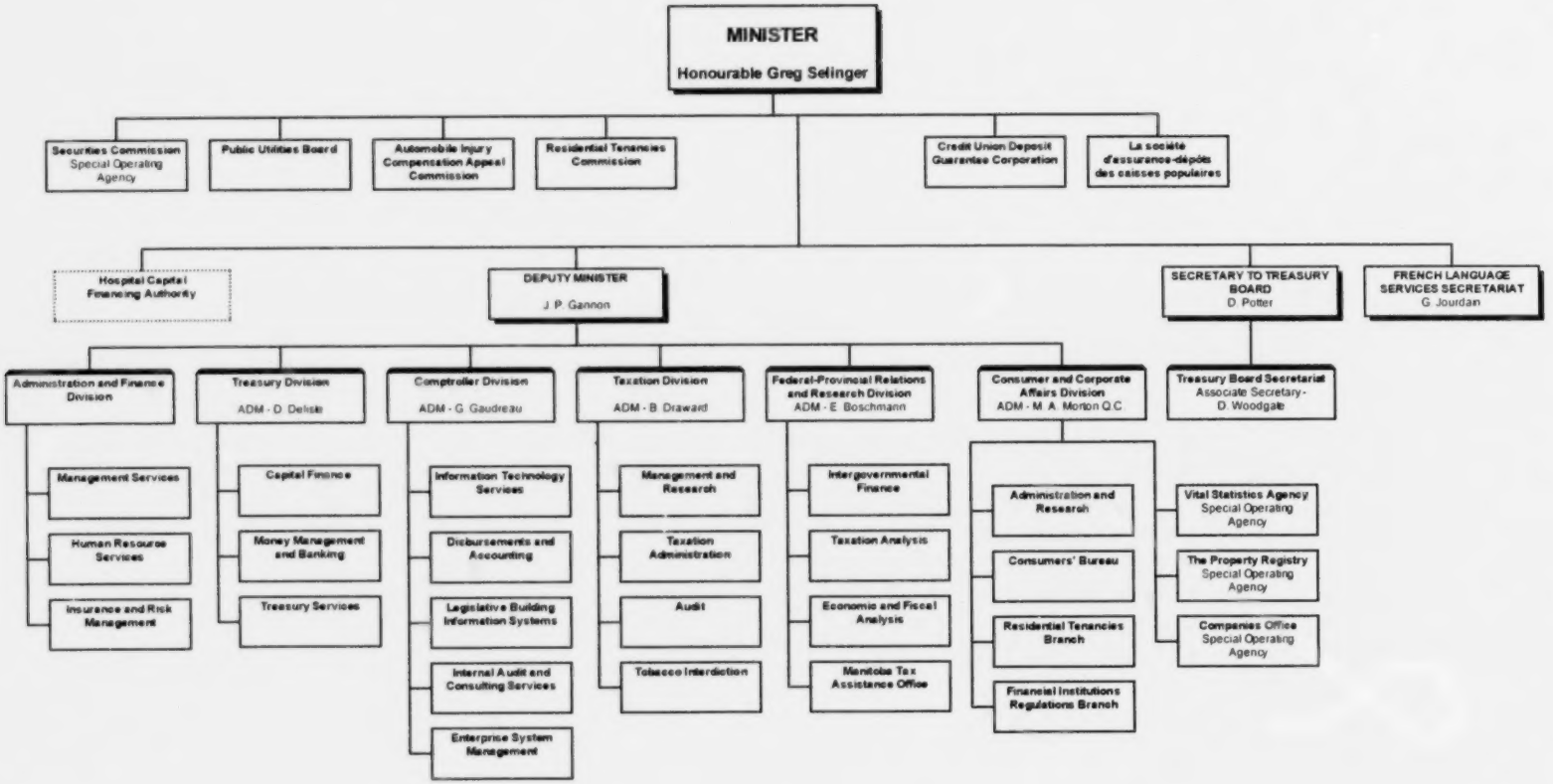
STATUTORY RESPONSIBILITIES OF THE MINISTER OF FINANCE

	Continuing Consolidation Chapter
The Pari-Mutuel Levy Act	P12
The Partnership Act	P 30
The Personal Investigations Act	P 34
The Personal Property Security Act	P 35
The Property Tax and Insulation Assistance Act (Parts I to IV and Part V.1, and section 1 and Part VI as they relate to subjects covered under Parts I to IV and Part V.1)	P 143
The Public Officers Act	P 230
The Public Utilities Board Act	P 280
The Public Sector Compensation Disclosure Act (S.M. 1996, c. 60)	P 265
The Real Estate Brokers Act	R 20
The Real Property Act	R 30
The Registry Act	R 50
The Religious Societies' Lands Act	R 70
The Residential Tenancies Act	R 119
The Retail Sales Tax Act	R 130
The Revenue Act	R 150
The Succession Duty Act (S.M. 1988-89, c. 42)	-
The Securities Act	S 50
The Special Survey Act	S 190
The Suitors' Moneys Act	S 220
The Surveys Act (Part I)	S 240
The Tax Appeals Commission Act	T 3
The Provincial - Municipal Tax Sharing Act	T 5
The Tobacco Tax Act	T 80
The Trade Practices Inquiry Act	T 110
The Vital Statistics Act	V 60

and:

Bedding, Upholstered and Stuffed Articles Regulation (Manitoba Regulation 333/88R) under The Public Health Act

Manitoba Finance
Organization Chart



ADMINISTRATION AND FINANCE DIVISION

The Administration and Finance Division provides executive administration, planning and management of departmental policies and programs. It includes support services and centralized coordination of financial, administrative and human resource functions as well as the Tax Appeal Commission and the Insurance and Risk Management program.

Executive Support

The office of the Minister provides additional compensation to which individuals appointed to the Executive Council are entitled.

The Executive Support unit provides advice to the Minister on all policy and program matters related to the department, coordinates and administers the activities of the department to meet government policy objectives and provides administrative support for the Offices of the Minister and Deputy Minister.

1 (a) Minister's Salary

Expenditures by Sub-Appropriation	Actual 2002-2003 $(000s)	Estimate 2002-2003 FTEs	Estimate 2002-2003 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Minister's Salary	28.3	1.00	28.4	(0.1)	
Total Sub-Appropriation	**28.3**	**1.00**	**28.4**	**(0.1)**	

1 (b) Executive Support

Expenditures by Sub-Appropriation	Actual 2002-2003 $(000s)	Estimate 2002-2003 FTEs	Estimate 2002-2003 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	393.2	7.00	418.2	(25.0)	
Other Expenditures	92.6		85.2	7.4	
Total Sub-Appropriation	**485.8**	**7.00**	**503.4**	**(17.6)**	

Management Services

The Management Services branch is responsible for ensuring appropriate management of, and accountability for the department's resources. This encompasses the development and implementation of departmental financial and administrative policies, processes and practices; ensuring compliance with government legislation, policies and procedures; providing accounting and administrative services to the department; and providing analytical and consultative support services to the department's operating divisions.

Branch activities encompass planning, organizing and evaluating departmental accounting and financial management activities related to financial reporting, expenditure and revenue processing and appropriation control. Specific activities include coordinating and supporting the development of the department's annual estimates, quarterly financial forecasts and reports, requests for office accommodation, telecommunication services and government vehicles. In addition, the branch coordinates the department's records management program including all matters pertaining to the Freedom of Information and Protection of Privacy Act and administers the department's parking program.

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1 (b) **Executive Support**

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Human Resource Services

The branch provides human resource services to Departmental managers and staff of the Departments of Finance and its Special Operating Agencies (SOAs), Culture Heritage and Tourism, Energy Science and Technology, Industry, Trade and Mines and the Office of the Auditor General in accordance with the Civil Service Act, Manitoba Government Employees' Union (MGEU) Master Agreement, Manitoba Labour Laws and Workplace Health and Safety Legislation. These services include staffing, employment equity, job analysis and classification, employee counselling, labour relations, and pay and benefits administration. The departments also share resources for the branch management, training and development, occupational health and safety and employment equity program development.

Specific activities of Human Resource Services during 2002/2003 that related to the Department of Finance included:

Employment Equity

The branch continues to coordinate the implementation of government-wide policies and initiatives.

Four designated groups have been identified as under-represented and include women in non-traditional occupations, aboriginal people, people with disabilities and visible minorities. The long-range goal is to have the Manitoba Civil Service reflect the target groups' percentage representation in the general population in all job classifications, taking into account relevant labour force data.

The Employment Equity Committee is working with the Human Resource Services Branch to set strategic goals to help the department meets these goals. All competitions factored in a 10% rating for Employment Equity candidates.

Employment Equity Statistics as at Fiscal Year End

	1999/2000 Actual (%)	2000/2001 Actual (%)	2001/2002 Actual (%)	2002/2003 Actual * (%)
Aboriginal	1.5	2.6	2.4	2.9
Women	52.7	53.5	56.2	59.5
Persons with Disability	3.6	3.1	3.1	3.2
Visible Minority	6.0	6.0	6.5	5.6

*** Includes Consumer and Corporate Affairs**

Payroll and Benefits

During the course of the year, the branch maintained payroll records for 525 employees. Maintained comprehensive attendance and payroll information on the corporate human resource/payroll system (SAP). Provided counselling and information on retirement, death benefits, long term disability and lay-off to 21 employees and their family members.

Recruitment and Selection

Filled 20 regular, 4 temporary and 3 acting status vacancies through formal competitions, for a total of 27 competitions. Four positions were filled through various direct appointments.

The department continued to hire a number of individuals from the Inventory list. This was established to provide opportunities to qualified candidates on a casual and/or term basis.

The Financial Management Development Program (FMDP), co-sponsored by the Civil Service Commission and the Department of Finance, is a three-year internship program for recent university/diploma graduates eligible to enroll in the Certified General Accountants (CGA) or Certified Management Accountants (CMA) program of professional studies. FMDP combines on-the-job training, classroom instruction and one-on-one coaching, along with challenging job placements in a variety of public sector work settings. The program began as a recruitment initiative to address the vacancy rates for key financial management and audit positions in government. Upon completion of the program, interns will be eligible to successfully compete for financial management career opportunities in the civil service. Four interns commenced employment with the program in September 2002.

Position Classification

Prepared detailed classification analysis on 10 reclassification requests under delegated and non-delegated authority.

Labour Relations

Consulted with Departmental management/supervisory personnel, employees and the M.G.E.U. in the resolution of numerous labour relations' issues, which included the filing of 3 formal grievances.

Staff and Organizational Development

Staff Development: Approximately 120 staff of the Department of Finance attended learning sessions facilitated through the branch. The 147 days of staff development covered topics ranging from Leadership, knowledge Management, Communications and Change Management.

Organizational Development: The branch continues to provide consultation and facilitation in the areas of change management, succession planning, performance consulting and employment equity.

Occupational Health and Safety

Formulated Workers' Compensation statistics for distribution to various branches within the department, which reported 3 accident/injury claims of which 3 accounted for 6 lost work days.

1 (c) Management Services (includes Human Resource Management)

Expenditures by Sub-Appropriation	Actual 2002-2003	Estimate 2002-2003		Variance Over/(Under)	Expl. No.
	$(000s)	FTEs	$(000s)	$(000s)	
Salaries and Employee Benefits	455.8	10.00	530.0	(74.2)	
Other Expenditures	52.4		69.7	(17.3)	
Total Sub-Appropriation	**508.2**	**10.00**	**599.7**	**(91.5)**	

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1 (c) **Management Services (includes Human Resource Management)**

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	$(000s)	FTEs	$(000s)	$(000s)	
Salaries and Employee Benefits	455.8	10.00	530.0	(74.2)	
Other Expenditures	52.4		69.7	(17.3)	
Total Sub-Appropriation	**508.2**	**10.00**	**599.7**	**(91.5)**	

Tax Appeal Commission

The Tax Appeals Commission Act provides for the appointment of one or more commissioners for the purpose of dealing with notices of objection filed by taxpayers who disagree with assessments under The Retail Sales Tax Act, The Corporation Capital Tax Act, The Mining Tax Act and The Health and Post Secondary Education Tax Levy Act. The Tax Appeals Commission provides taxpayers with an objective review of the taxpayer's appeal, independent of the taxation officials who issued the assessment.

The activity of the Commission and results for 2002/2003 are as follows:

Outstanding appeals, March 31, 2002	12
Appeals received in 2002/2003	23
	35
Appeals resolved in 2002/2003	
Partially Denied	2
Denied	11
Referred	2
Late – Not Accepted	2
Withdrawn	1
	18
Outstanding appeals, March 31, 2003	17

1 (d) Tax Appeal Commission

Expenditures by Sub-Appropriation	Actual 2002-2003 $(000s)	Estimate 2002-2003 FTEs	Estimate 2002-2003 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Tax Appeal Commission	16.6		18.8	(2.2)	
Total Sub-Appropriation	**16.6**		**18.8**	**(2.2)**	

Tax Appeal Commission

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Tax Appeal Commission	16.6		18.8	(2.2)	
Total Sub-Appropriation	**16.6**		**18.8**	**(2.2)**	

Insurance and Risk Management

The Insurance and Risk Management Branch serves a centralized government function providing Insurance and Risk Management services to Manitoba's departments and agencies, including most Crown corporations.

Risk Management services can be defined as tasks that involve the application of risk identification, risk evaluation, risk control, risk transfer and risk financing principles. Specific tasks include reviewing risk management policy, promoting and attending risk control meetings, performing loss prevention inspections, reviewing contracts for effective risk transfer, establishing and maintaining commercial and self-insurance programs, managing claims, and evaluating and presenting risk reduction opportunities to agency and department management.

The goal of the Risk Management Branch is to enhance the ability of Manitoba's departments and agencies to operate facilities, provide services and deliver programs to the public within planned budgets, with a minimum of disruption and unexpected cost from unforeseen loss.

Risk Identification and Evaluation

The Insurance and Risk Management Branch worked with departments, agencies and Crown Corporations to identify and assess risk exposures associated with their activities.

Branch staff, along with risk managers from James Richardson and Sons, Manitoba Hydro and the City of Winnipeg, assisted with identifying and assessing exposures of the North American Indigenous Games, occurring in Southern Manitoba from July 25 to August 4, 2002.

Risk Control

Loss control personnel from Manitoba's Insurance Consortium carried out site inspections during the 2002/2003 fiscal year, and reports were provided to appropriate departments.

Risk Transfer

The Insurance and Risk Management Branch reviewed contracts for insurance, bonding and indemnity provisions, working with client departments and agencies and Civil Legal Services to promote appropriate transfer of risk in government contracts.

The branch assisted departments and agencies in obtaining proper "Proof of Insurance" from third party contractors and suppliers and it provided Certificates of Insurance to third parties on behalf of Manitoba departments and Agencies.

Risk Financing

The Insurance and Risk Management Branch administers insurance purchasing on behalf of government departments and Agencies, involving approximately 30 insurance and self-insurance programs. The branch also conducts insurance surveys and examines alternative risk financing options on behalf of departments and Agencies.

Generally, costs for Manitoba's property and casualty insurance continued to rise in 2002/2003, while new exclusions for mould and terrorism reduced coverage provided under insurance contracts.

Insurance premiums paid by departments and Agencies during 2002/2003 fiscal year were $3.93 million including brokerage fees. This represented an increase of 33 % over the previous year. Cost increases were primarily due to higher costs for property and general liability insurance.

Agencies Self-Insurance Fund

This fund reduces the deductible under Manitoba's blanket property and general liability insurance policies for government agencies. The fund also insures student laptops against damage under the Red River College laptop program.

During the 2002/2003 fiscal year, the self-insurance fund assessed $2.5 million in premiums for agencies, an increase of 31.6 % from the previous year. Claim payments from the fund were approximately $854,700 and estimated claim costs for newly reported claims were $3.8 million for property (one agency's fire losses account for 87% of this amount) and $283,000 for liability. Taking deductibles and commercial insurance payments into account, reserves for expected payments for claims incurred during 2002/2003 were $2.0 million.

Province of Manitoba Insurance Consortium

The Insurance and Risk Management Branch held a competitive selection process to determine the members of the Manitoba Insurance Consortium for the next three years. After reviewing written submissions and conducting interviews, the three incumbent brokerage firms of Aon, March Canada and Hayhurst Elias Dudek were appointed for the new term.

Several meetings were held with the Consortium during the year.

Claims Administration

Department Property Claims

In the 2002/2003 fiscal year, 226 incidents involving damage to government department property, at an estimated cost of $2,064,728 were reported to this branch. Compared to the fiscal year previous, this involved a slight decrease in the number of reported incidents and a 106% increase in the quantum of total reported damage. This was due to a number of ATV's being stolen all over the Province.

Department Liability Claims

During this same period, 209 new liability incidents were reported with initial reserves totalling $158,063. This represented a 16.4% decrease in the number of reported incidents, and a decrease of 31% in the total liability reserves over the previous fiscal year.

Department Adjusting Costs

Adjusting costs for department claims increased by 48% to $34,591 in the 2002/2003 fiscal year. The number of liability claims closed during 2002/2003 decreased to 47 from 62 in the previous fiscal year.

Agency Property Claims

In the 2002/2003 fiscal year, there were 242 incidents involving damage to government agency property, at an estimated cost of $2,757,737. This involved a 24.7% increase in the number of reported incidents. The quantum of reported damage increased by 81.7% due significantly to one large fire damage claim and increased number of claims reported. Subrogation recovery on the large fire loss that occurred during the 2002/2003, reserved at $1.2 million, has been undertaken.

Agency Liability Claims

During this same period, 238 new liability incidents were reported with initial reserves totalling $280,286. This represented a slight increase in the frequency of reported incidents, and a decrease of approximately 22.9% in the total reserves.

Agency Adjusting Costs

Adjusting costs for agency claims increased to $131,691 for the 2002/2003 fiscal year from $94,864 in the previous fiscal year. The number of liability claims closed decreased slightly to 225 in the current fiscal year from 235 the previous year. The increased number of property claims and updated rates on adjuster fee schedule have contributed to adjuster activity and costs.

Other Claim Activities

Streamlining of the paper flow process to promote sustainable development was implemented by acknowledging claims to agencies by e-mail, faxing letter to adjusters and retaining original in office claim file. Paper output has been minimized and postage reduced.

Intentional Damage Compensation Plan

Branch personnel monitored the administration of the Foster Parents Intentional Damage Compensation Plan for the Department of Family Services and Housing.

A total of 158 claims were settled at a total cost of $138,025 plus administrative costs of $16,737. This represented a 19% increase in claim frequency, a 67% increase in claim settlement costs and a 107% increase in claim administration costs.

The higher cost of claims reflects a tendency to reduce the number of deductibles applying to multiple occurrence minor damages that have a common cause. The higher fee costs are due a higher frequency of claims, more complex claims and a new fee structure.

Other Results

The Insurance premium component of the province's "cost of risk" increased again in 2002/2003, due mainly to hardening insurance markets. Commercial insurance premiums increased 20%. The main culprit this term was liability insurance, increasing 48% while deductibles increased 100%. Property Insurance costs increased by 16% in 2002/2003.

World re-insurance markets are expected to remain costly and so are retail insurance costs. Until "softer" markets return, the Province will likely make increased use of self-insurance mechanisms to optimize its insurance protection.

6 Insurance and Risk Management

Expenditures by Sub-Appropriation	Actual 2002-2003 $(000s)	Estimate 2002-2003 FTEs	Estimate 2002-2003 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	312.5	5.20	318.9	(6.4)	
Other Expenditures	50.0		54.5	(4.5)	
Insurance Premiums	1,919.6		2,000.0	(80.4)	
Less: Recoverable from Other Appropriations	(1,919.6)		(2,000.0)	80.4	
Total Sub-Appropriation	**362.5**	**5.20**	**373.4**	**(10.9)**	

Agency Liability Claims

During this same period, 238 new liability incidents were reported with initial reserves totalling $280,286. This represented a slight increase in the frequency of reported incidents, and a decrease of approximately 22.9% in the total reserves.

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6 **Insurance and Risk Management**

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	$(000s)	FTEs	$(000s)	$(000s)	
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Other Expenditures	50.0		54.5	(4.5)	
Insurance Premiums	1,919.6		2,000.0	(80.4)	
Less: Recoverable from Other Appropriations	(1,919.6)		(2,000.0)	80.4	
Total Sub-Appropriation	362.5	5.20	373.4	(10.9)	

French Language Services Secretariat

The French Language Services (FLS) Secretariat advises the Government of Manitoba, and the Minister responsible for French Language Services in particular, on the development of government services in the French language and on matters relating to the FLS policy in general.

The FLS Secretariat guides, monitors, seeks and facilitates the implementation of the Government of Manitoba's FLS policy in a manner consistent with the concept of *active offer* and makes recommendations to that effect. The Secretariat's mandate applies to all administrative bodies covered by the FLS policy.

The FLS Secretariat provides assistance and direction to the administrative bodies covered by the Government of Manitoba's FLS policy and serves as a liaison between the government and Francophone organizations in the province.

During 2002/2003, the FLS Secretariat and its team of facilitators:

- Coordinated, for Manitoba, the inclusion of projects to be funded in 2002/2003 under the Canada/Manitoba General Agreement on the Promotion of Official Languages, a cost sharing Agreement with the federal government.

- Pursued the implementation of recommendations emanating from the Chartier Report, including the official openings of the first three bilingual service centres (BSCs) in St. Boniface, St. Pierre-Jolys and Notre-Dame-de-Lourdes, with the participation of several provincial departments, the Government of Canada and municipal and community partners.

- Developed a Memorandum of Agreement with the Government of Canada regarding their participation in the BSCs. Continued the planning for the establishment of the next three BSCs in Sainte-Anne, Saint-Laurent and South Saint-Vital.

- Implemented a promotional strategy for the BSCs, including publications, posters, seminars and activities. Developed evaluation tools for the BSCs and implemented a call-tracker system. Conducted orientation sessions on the concept of Active Offer.

- Provided guidance and assistance to administrative bodies and pursued the review and/or development of FLS plans. Acted as a resource for the *Communauté en Santé* Board for the coordination of policy regarding French language health services. Collaborated with the Advisory Committee on French Language Social Services for the development of FLS plans of designated social services agencies and other related issues.

- Continued planning process for implementation of pilot projects in St. Boniface and St. Pierre-Jolys for the delivery, in both English and French, of a full range of services pertaining to the administration of justice. Participated in the advisory committee established to deal with matters relating to the delivery of RCMP services in both official languages.

- Chaired the Geographical Names of Manitoba Publications Working Group, which provided recommendations on French language versions of two publications.

- Created and chaired the Working Group on French Language Tourism Development, which provides a mechanism for government to collaborate with community organizations in developing strategies and a plan of action to enhance Francophone tourism development.

- Participated in national meetings of senior officials on French language services. In October 2003, with the Minister responsible for FLS, participated in the *Sommet de la Francophonie* (Francophone Summit) in Beirut, Lebanon, and in the Ministers' Conference on Francophone Affairs, in St. John's, Newfoundland.

- Participated as a member of the Manitoba delegation for the signing of the Memorandum of Understanding on Cooperation Between the Département du Bas-Rhin (Alsace, France) and the Province of Manitoba in September 2002. Negotiated the contents of the Agreement for Cooperation and Exchange Between the Governments of Québec and Manitoba and organized the signing ceremony held March 3, 2003.

- Coordinated some 140 registrations for French language training from government employees in designated positions and offices, including a training opportunity in Brandon and the upgrading of skills via the Internet. Participated on the *Réseau des apprenants* (French Language Learners' Network), which disseminated information to French language learners and organized activities outside the classroom setting.

- Organized FLS forums/meetings with representatives of government departments and the Franco-Manitoban community to share information and ideas on specific issues and to prepare recommendations or develop solutions and strategies.

- Dealt with 23 complaints as well as various issues raised by the public regarding FLS.

- Produced the *Report on French Language Services 2001/2002.*

- Pursued desktop support for FLS in the government's managed environment via the FLS and Systems Steering Committee. The project was completed with the last 95 of a total of 193 workstations being converted to Office 2000, providing users with hardware and software capable of supporting the French language. A standardized FLS option package is now available, including standardized hardware and software, as well as standardized configuration and installation processes.

1 (e) French Language Services Secretariat

Expenditures by Sub-Appropriation	Actual 2002-2003	Estimate 2002-2003		Variance Over/(Under)	Expl. No.
	$(000s)	FTEs	$(000s)	$(000s)	
Salaries and Employee Benefits	416.1	10.00	505.5	(89.4)	1
Other Expenditures	340.7		446.2	(105.5)	2
Total Sub-Appropriation	**756.8**	**10.00**	**951.7**	**(194.9)**	

1. *Under expenditure is due to staff vacancies and delays in filling the receptionist positions for the Bilingual Service Centres.*
2. *Under expenditure results from operating cost reductions and particularly the costs associated with the establishment of the Bilingual Service Centres.*

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TREASURY DIVISION

The Treasury Division manages and administers the cash resources, borrowing programs, and all investment and debt management activities of the government. It further manages the borrowing programs and investment activities for all of its Crown corporations and government agencies. The Treasury Division assists in the financing of municipalities, schools and hospitals and it is the division's responsibility to ensure that such financing is arranged.

Major changes are continually taking place in the world's economic and financial markets. These changes have a significant impact on both short and long-term management strategies, as well as the day-to-day decisions made by Treasury Division staff.

The division maintains contact with a large number of domestic and foreign financial institutions, as well as regulatory and rating agencies to inform them of the fiscal and economic performance of the province and its policies while at the same time obtaining information about the state of world financial markets, and financial products and opportunities available to the province

To more effectively deal with technological and financial market complexities and risks, the division operates the following committees:

The Capital Markets Committee

- Meets weekly to review world capital markets, investment, risk management and foreign currency markets and ensures that Treasury management and professional staff are conversant with current events and expectations respecting these markets.
- Determines appropriate investment, borrowing and risk management strategies.

The Credit Committee

- Regularly reviews the financial status and exposure to individual financial institutions, establishes approved lists of financial counterparties as well as limits for exposure to individual financial institutions, reviews documentation standards for financial agreements, and assesses the risk related to investment classes and transactions.

The Information Technology Planning Committee

- Assesses the technological needs of the Treasury Division, and recommends appropriate actions to ensure that technological advances can be applied to improving Treasury Division effectiveness and productivity.
- Monitored the continuing progress of the division's Treasury Management System upgrade.

The Executive Management Committee

- Meets monthly to discuss matters relating to personnel, operations, planning, budgeting, credit, information technology, legislation and administrative matters so as to maximize the use of all resources provided to the Treasury Division, prioritize activities and ensure effective and efficient delivery of treasury services.

The Treasury Division is divided into four functional areas:

- Administration
- Capital Finance
- Money Management and Banking
- Treasury Services

Administration

The Administration function has been allocated two staff positions for the performance of the following functions:

- general management of the Treasury Division;
- advises Minister and Deputy Minister on all policy and program matters of a financial nature;
- contact with the world financial community;
- establishing strategies for the investment of sinking funds and other long term investment accounts aggregating approximately $7.0 billion;
- establishing interest rates for loans to Crown corporations, government agencies, school boards, hospitals and municipalities;
- provision of management and financial advisory services to government departments, agencies and investment funds; and
- reviews policies, legislation and regulations, and recommends changes where necessary to achieve objectives.

2 (a) Administration

Expenditures by Sub-Appropriation	Actual 2002-2003 $(000s)	Estimate 2002-2003 FTEs	Estimate 2002-2003 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	106.6	2.00	150.1	(43.5)	*1*
Other Expenditures	71.7		102.8	(31.1)	*2*
Total Sub-Appropriation	**178.3**	**2.00**	**252.9**	**(74.6)**	

1. Under expenditure is due to position vacancy.
2. Under expenditure is due to a reduction in general operating costs.

Capital Finance

The Capital Finance branch of the Treasury Division has been allocated five staff positions for the performance of the following major functions:

- managing the borrowing programs of the government, Crown corporations, government agencies and other loan programs;
- developing and maintaining the debt management program of the government;
- administering provincial investment in, and advances to, Crown corporations, government agencies and other loan programs;
- managing sinking funds and other long term investment accounts of the province, Crown corporations and government agencies; and
- advising Crown corporations, government agencies and managers of loan programs regarding policies and procedures related to capital financing.

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Other Expenditures	71.7		102.8	(31.1)	2
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- advising Crown corporations, government agencies and managers of loan programs regarding policies and procedures related to capital financing.

Borrowing

The borrowing program of the government, its Crown corporations and government agencies aggregated $3,101 million in 2002/2003. This includes $2,513 million for refinancing maturing debt issues with the balance required for sinking funds and self-sustaining programs, including Manitoba Hydro. The aggregate amount of the Province of Manitoba's direct and guaranteed debt, net of sinking funds, outstanding at March 31, 2003 using March 31, 2003 foreign exchange rates for conversion of foreign issues, was $14.55 billion ($14.40 billion at March 31, 2002) of which $6.36 billion ($6.41 billion at March 31, 2002) was for general government programs.

The branch is responsible for meeting the ongoing reporting and filing requirements of all markets in which the government has borrowed money. Three major reports and filing documents were prepared for regulatory agencies in Japan, Europe and the United States.

The branch also coordinated presentations to the major North American rating agencies which evaluate the creditworthiness of the province.

Risk Management

The Capital Finance branch actively monitors global capital markets and manages the province's outstanding debt through the use of hedging techniques such as currency exchange agreements, floating and fixed interest rate swaps, forward rate agreements and various option structures.

At March 31, 2003, 18% of direct debt, excluding debt for which Manitoba Hydro is responsible, was floating rate (19% at March 31, 2002) and 3% was payable in U.S. dollars (6% at March 31, 2002).

Investments

Loans and Equity Investments

The Capital Finance branch administers the government's non-budgetary investment activities through advances to and/or equity investments in various Crown corporations, government agencies and loan programs. During 2002/2003, $607.2 million was invested and $980.3 million of principal was repaid. At March 31, 2003 the aggregate amount of advances and equity investments outstanding was $7.9 billion.

Sinking Funds and Other Long-Term Investments

Sinking funds and other long-term investments of the Province of Manitoba, its Crown corporations and government agencies are managed by the Capital Finance branch. At March 31, 2003, sinking funds related to the direct and guaranteed debt of the province amounted to $5.8 billion, down 10.7% from $6.5 billion at March 31, 2002. The branch also manages the long-term investments for Manitoba Public Insurance Corporation which totalled $1.1 billion at February 28, 2003. The Capital Finance branch determines the cash flows of these funds for investment purposes.

Other Responsibilities

The Capital Finance branch also acts in an advisory capacity to Crown corporations and government agencies and makes recommendations respecting each organization's policies and procedures relating to the financing of their programs. All existing and proposed legislation of a financial nature is reviewed to ensure that the objectives of the Crown corporation or government agency are met and that there is legislative consistency among the various entities.

The branch is responsible for operating the Manitoba Hospital Capital Financing Authority, which assists operators of hospitals to finance their capital expenditures. The branch now funds Health facilities directly.

The branch managed the eighth Hydro Savings Bond campaign. Hydro Bond Series 8 raised $395 million.

2 (b) Capital Finance

Expenditures by Sub-Appropriation	Actual 2002-2003 $(000s)	Estimate 2002-2003 FTEs	Estimate 2002-2003 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	290.9	5.00	294.1	(3.2)	
Other Expenditures	32.0		33.9	(1.9)	
Total Sub-Appropriation	**322.9**	**5.00**	**328.0**	**(5.1)**	

Money Management and Banking

The Money Management and Banking branch of the Treasury Division, has been allocated eight staff positions for the performance of the following major functions:

- managing the government's monetary resources;
- managing the short term investment and borrowing programs for the government;
- administering trust money deposited with the Minister of Finance by Crown corporations, agencies and departments; and
- managing the banking operations of the government.

Money Management

The Money Management and Banking branch prepares cash flow forecasts detailing the government's anticipated daily receipts and disbursements, including its trust administration activities. Management of daily bank balances and timing of long-term borrowing is determined as a result of these cash flow forecasts.

During 2002/2003, the Money Management program was involved in managing the cash flow for over 1,900,000 cheques and electronic payments, representing approximately $11 billion of transactions processed. In addition, over 700,000 cheques, money orders, drafts and other items, representing approximately 50,000 bank deposits, were processed through the accounts of the government and its remittance processing agent.

Investment and Borrowing

Monitoring and management of the government's cash flow during 2002/2003 resulted in the branch arranging over 1,200 short-term money market transactions aggregating approximately $54 billion of investment purchases and $1.5 billion of investment sales. The branch also arranged for the issue of $740 million of promissory notes to finance temporary shortfalls resulting from differences in the timing of government payments and receipts. Interest earned on the short-term investments amounted to approximately $49 million while interest paid on the promissory notes issued was approximately $1.3 million. The branch monitored the credit status of approximately two dozen approved financial institutions and maintained appropriate exposure limits for each, recommending changes where necessary to manage risk.

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Monitoring and management of the government's cash flow during 2002/2003 resulted in the branch arranging over 1,200 short-term money market transactions aggregating approximately $54 billion of investment purchases and $1.5 billion of investment sales. The branch also arranged for the issue of $740 million of promissory notes to finance temporary shortfalls resulting from differences in the timing of government payments and receipts. Interest earned on the short-term investments amounted to approximately $49 million while interest paid on the promissory notes issued was approximately $1.3 million. The branch monitored the credit status of approximately two dozen approved financial institutions and maintained appropriate exposure limits for each, recommending changes where necessary to manage risk.

Trust Administration

Over 60 departments, agencies and Crown corporations deposit surplus funds with the Minister of Finance in interest-bearing trust deposits. These trust funds averaged approximately $1.4 billion in 2002/2003. Approximately 2,800 trust deposit receipts were issued in 2002/2003 and 3,300 payments processed by the branch in respect to these deposits. Interest paid on these trust accounts in 2002/2003 was in excess of $31 million.

Banking Operations

The branch advises and establishes procedures regarding the use of banking services and depositing for other departments and some agencies, and evaluates requests for new bank accounts and changes to existing accounts. Also, the branch negotiates contracts for banking and armoured car services for the province.

The branch maintained a central index of approximately 700 accounts representing all Province of Manitoba bank accounts in all financial institutions in the province. These accounts include the Manitoba Public Insurance Corporation agents' accounts.

The branch continued to expand the use of direct payment cards and credit cards for the receipt of government revenues. The branch worked with individual departments, surveying their needs to consider appropriate applications.

The branch is involved with the operations of each Special Operating Agency in respect to its banking, borrowing and investment activities.

The branch will continue to partner with other areas of government in the application of emerging technology.

2 (c) Money Management and Banking

Expenditures by Sub-Appropriation	Actual 2002-2003 $(000s)	Estimate 2002-2003 FTEs	Estimate 2002-2003 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	421.2	8.00	453.1	(31.9)	
Other Expenditures	65.8		76.2	(10.4)	
Total Sub-Appropriation	**487.0**	**8.00**	**529.3**	**(42.3)**	

Treasury Services

The Treasury Services branch of the Treasury Division has been allocated ten staff positions for the performance of the following major functions:

- to service and administer the public debt of the province;
- to service and safekeep the investments of the province and certain Crown corporations and government agencies;
- to provide administrative support to the Treasury Division including the coordination of the division's information technology functions;
- to coordinate the preparation of Treasury Division and Public Debt estimates and analyses; and
- to provide a controllership function to the Treasury Division.

Debt Servicing

The gross direct debt serviced by the branch aggregated approximately $20 billion. This debt was represented by debentures, savings bonds, treasury bills, promissory notes, and C.P.P. debentures, all payable in Canadian Dollars, as well as 17 debenture issues payable in U.S. Dollars, 2 debenture issues payable in Swiss Francs, and 11 debenture issues payable in Japanese Yen. In servicing this debt, the branch administered approximately 266 derivative agreements whereby, among other things, all the Swiss Franc and Japanese Yen debt has been swapped into fixed or floating rate Canadian or U.S. Dollar liabilities. The branch also administered numerous option-related contracts entered into for the purpose of hedging against short-term interest rate and foreign currency fluctuations affecting debt.

Servicing the foreign debt obligations of the province required the purchase of 71 million U.S. Dollars.

Servicing the short-term debt obligations of the province required the administration of $1.3 billion in treasury bills and $740 million in promissory notes issued throughout the year.

Investment Servicing

The branch services the long-term investments of the Manitoba Public Insurance Corporation and the sinking fund investments of the Province of Manitoba, Manitoba Hydro and The University of Manitoba. The aggregate value of these long-term investments was approximately $7.0 billion.

In servicing these investments the branch processed purchases aggregating $2.4 billion, sales and maturities of $2.0 billion and gross income of $439 million. The branch administered approximately 150 derivative contracts by which investments denominated in foreign currencies have been swapped into Canadian Dollars.

Servicing short-term investments for the province required the processing and safekeeping of approximately 2,400 money market transactions covering purchases, sales and maturities with a total aggregate value of approximately $108 billion.

In order to meet its responsibilities in servicing the province's debt and investments, the branch operates a payment system for the division. During 2002/2003, 218 cheques were issued with a total value of $250 million, electronically authorized 680 transfers totalling $15 billion, and issued 410 wire payment instructions through our principal bank totalling $7 billion.

2 (d) Treasury Services

Expenditures by Sub-Appropriation	Actual 2002-2003 $(000s)	Estimate 2002-2003 FTEs	Estimate 2002-2003 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	522.9	10.00	532.0	(9.1)	
Other Expenditures	52.2		48.4	3.8	
Total Sub-Appropriation	**575.1**	**10.00**	**580.4**	**(5.3)**	

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Total Sub-Appropriation	575.1	10.00	580.4	(5.3)	

Public Debt (Statutory)

The Treasury Services branch is responsible for coordinating the preparation of Public Debt expenditure estimates and analyses.

The Public Debt appropriation provides for the required net cost of interest and related expenses payable with respect to the Public Debt of the province.

The following table sets forth certain information as to the funded debt of the province as well as debt issues for general provincial programs (all net of sinking funds) as at March 31 for the years 1999 through 2003, including per capita data based upon population at July of the preceding calendar year.

	As at March 31,				
	1999	2000	2001	2002	2003
Net General Provincial Program Debt (millions) [1]	$6,774	$6,718	$6,798	$6,651	$6,650
Per Capita	$5,952	$5,872	$5,911	$5,784	$5,778
As a Percent of Gross Domestic Product	*22.5%*	*21.5%*	*20.6%*	*19.05%*	*18.5%*
Net Cost of Servicing General Provincial Program Debt (millions)	$515	$466	$511	$395 [2]	$321
As a Percent of Provincial Revenue	8.8%	7.4%	7.6%	5.9%	4.6 %

Notes:

1. *Unhedged foreign currency obligations are stated at the Canadian dollar equivalent using the exchange rates in effect on March 31 each year. Includes Capital Investments.*
2. *Adjusted by $19.3M to reflect recovery of interest expense from other appropriations.*

11 **Public Debt (Statutory)**

Expenditures by Sub-Appropriation	Actual 2002-2003 $(000s)	Estimate 2002-2003 FTEs	Estimate 2002-2003 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Interest Expense					
the Public Debt of Manitoba and related expenses	1,271,110.3		1,254,335.6	16,774.7	
Trust and Special Funds	38,464.6		41,885.0	(3,420.4)	
Sub-total	**1,309,574.9**		**1,296,220.6**	**13,354.3**	
Less: Interest and Other Charges to be received from:					
Sinking Fund Investments	(252,953.8)		(242,400.0)	(10,553.8)	
Manitoba Hydro	(576,654.8)		(534,320.1)	(42,334.7)	
Manitoba Housing and Renewal Corporation	(32,085.8)		(33,287.7)	1,201.9	
Manitoba Agricultural Credit Corporation	(20,215.9)		(19,836.4)	(379.5)	
Other Government Agencies	(11,746.4)		(9,953.1)	(1,793.3)	
Other Loans and Investments	(74,759.7)		(67,811.0)	(6,948.7)	
Other Appropriations	(19,739.0)		(20,302.2)	563.2	
Sub-total	**(988,155.4)**		**(927,910.5)**	**(60,244.9)**	
Total Sub-Appropriation	**321,419.5**		**368,310.1**	**(46,890.6)**	*1*

1. *Net under expenditure is due to a decrease in costs attributable to interest rates and foreign exchange rates.*

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COMPTROLLER DIVISION

The division's role is to establish and foster a corporate Comptrollership function for the Manitoba Government that includes the development and operation of financial and management systems in support of legislative and governmental decision-making, service delivery effectiveness and accountability requirements. Some of the key components integral to the division's government-wide Comptrollership function include:

- designing management processes;
- establishing financial and accounting policy;
- preparing and presenting financial information for internal and external reporting;
- maintaining the central accounts of the province and controlling all disbursements and revenue transactions for the Consolidated Fund;
- facilitating the integration and coordination of financial and management information; and
- providing advisory and problem solving services to corporate government and line departments.

In carrying out the division's mandate, five branches report to the Provincial Comptroller. These include:

- Information Technology Services;
- Disbursements and Accounting;
- Legislative Building Information Systems;
- Internal Audit and Consulting Services; and
- Enterprise System Management.

Divisional accomplishments are reported under each branch as applicable.

3 (a) Comptroller's Office

Expenditures by Sub-Appropriation	Actual 2002-2003 $(000s)	Estimate 2002-2003 FTEs	Estimate 2002-2003 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	144.8	2.00	146.3	(1.5)	
Other Expenditures	26.4		18.4	8.0	*1*
Total Sub-Appropriation	**171.2**	**2.00**	**164.7**	**6.5**	

1. *Over expenditure is due to travel and related costs associated with inter-provincial/territorial conferences and meetings and computer related costs.*

Information Technology Services

Information Technology Services, in existence since April 1993, provides information technology services to the Department of Finance with the exception of Legislative Building Information Systems (LBIS), Treasury Board Secretariat and Enterprise System Management (ESM).

The primary objective of the branch is to ensure that the Department of Finance has efficient, effective and technologically sound information systems that effectively support the department's objectives in a timely manner.

The branch has been allocated 7.85 staff positions for the performance of the following major functions:

- leadership and coordination of the development of strategic and annual information technology plans;
- provision of information technology expertise and consulting services such as business case analysis, feasibility analysis and requirements definition;
- development, implementation and testing of systems, backup and disaster recovery plans; and
- representing the department in matters relating to government-wide information technology initiatives.

In 2002/2003, the branch maintained the following systems in a continuous state of full operational serviceability:

- the Taxation Division's Revenue Accounting and Collection systems;
- the Comptroller Division's historical and several non-SAP financial systems;
- the Insurance and Risk Management branch's Property Management and Insurance and Risk systems; and
- the Tax Assistance Office's Homeowner Tax Assistance Audit system.

In addition, staff supported the following major corporate initiatives:

- 3 staff members were seconded to the corporate Better Systems Initiative to implement the new Taxation System;
- 1 staff member was allocated to LBIS for Treasury Division support; and
- 1 staff member was assigned to ESM for POS support.

3 (b) Information Technology Services

Expenditures by Sub-Appropriation	Actual 2002-2003	Estimate 2002-2003		Variance Over/(Under)	Expl. No.
	$(000s)	FTEs	$(000s)	$(000s)	
Salaries and Employee Benefits	320.5	7.85	376.0	(55.5)	
Other Expenditures	63.8		72.9	(9.1)	
Total Sub-Appropriation	**384.3**	**7.85**	**448.9**	**(64.6)**	

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Total Sub-Appropriation	**384.3**	**7.85**	**448.9**	**(64.6)**	

Disbursements and Accounting

The role of the Disbursements and Accounting branch is to monitor the decentralized processing as well as controlling and reporting of all receipts to, and disbursements from, the Consolidated Fund in accordance with governing legislation and established accounting policies and practices. The branch maintains a central payroll system for the payment of all government employees as well as an accounts payable vendor system for payments in relation to grants, supplies and services. It also maintains the official accounting records of the government and prepares its financial statements, including summary financial statements reflecting the consolidation of the financial operations included in the government reporting entity that are integral to the overall operations of government in performing its executive function.

The branch performed direct deposit for government payrolls that included 394,947 direct deposits and issued 1,982 payroll cheques, with adherence to all deadlines and all related laws, regulations and policies.

The branch also released 393,416 payments for grants, supplies and services, to corporations, firms and other recipients based on documents and supporting information provided by the government's operating departments.

Processing and collection of amounts owing to the government for shared cost agreements were completed on a timely basis. Quarterly financial report statements of the government were issued in accordance with established time tables and accounting policy. Annual financial reports, as represented by the Public Accounts, were prepared and released in accordance with the Financial Administration Act. The summary financial statements of the government represented by Volume 1 of Public Accounts and the more detailed financial statements, schedules and reports of the consolidated fund represented by Volumes 2 and 3 of the Public Accounts, were all released September 30, 2002. Volume 4 of the Public Accounts, which represents the detailed financial statements of the funds, organizations, agencies and enterprises included in the government reporting entity, was produced and released on February 27, 2003.

The branch continued to provide consultation and financial guidance for appropriate financial processes within the Consolidated Fund.

3 (c) Disbursements and Accounting

Expenditures by Sub-Appropriation	Actual 2002-2003	Estimate 2002-2003		Variance Over/(Under)	Expl. No.
	$(000s)	FTEs	$(000s)	$(000s)	
Salaries and Employee Benefits	2,024.3	39.00	1,943.1	81.2	
Other Expenditures	869.2		826.1	43.1	
Less: Recoverable from Other Appropriations	(315.7)		(358.6)	42.9	
Total Sub-Appropriation	**2,577.8**	**39.00**	**2,410.6**	**167.2**	

Legislative Building Information Systems

The branch is responsible for providing complete Information Technology services to all staff in the Legislative Building, both government and non-government, as well as providing distinctive service to external clients that have a business requirement to communicate with clients in the building

Clients include government's most senior executives in Executive Council and Deputy Ministers' offices; staff in the offices of Treasury Division, Information Services, Legislative Library, Tourism, Facilities, and Security; Legislative Assembly staff in the Speaker's offices, Members' Allowances, Caucuses, and elected Members of Legislative Assembly; and the Lieutenant Governor's office.

As well as providing operational services in support of Clients, renewal and implementation of desktops and handheld devices, and management of the communications infrastructure, servers and applications, the branch has the following accomplishments for fiscal year 2002/2003:

- Completed the development and implementation of a corporate web-based issues tracking system that is used by all government executive offices in 6the building and several external departments. This is a multi-tiered architecture which included the implementation of new hardware with the latest operating systems software and migrations of UNIX and Oracle to the newest versions;
- Completed an internal review and update of Business Continuity and Disaster Recovery Plans;
- Initiated plans for upgrading all server hardware and operating systems to the most recent versions including a migration of e-mail application software;
- Migrated anti-virus software and implemented Internet Proxy services, token authentication to building servers, and a 10 mbps connection to the rest of government;
- Piloted and implemented the first phase of a multi-phased project for migrating Hansard to digital recording;
- Implemented web mail services to Legislative Building e-mail;
- Prepared for a migration of custom and packaged applications to Windows XP desktop; migrated an Untendered Contracts application to a thin client architecture of Windows 2000 terminal server and the newest version of Oracle; migrated a Members' Biography System and a Members' Allowance Tracking System to Access XP and Windows XP;
- Implemented an application that manages the Order of Manitoba and enhancements to Witness Management and Greetings applications;
- Provided support services resulting from Cabinet Shuffles;
- Provided consulting, technical and project management services for Treasury Division in support of the Treasury function. This included desktop and network infrastructure and hardware/software upgrades to accommodate changes in technology of Financial Management tools, enhanced reporting for the Treasury Management system, and support for the implementation of the first phase of a re-write to the Trust Management system.

3 (d) **Legislative Building Information Systems**

Expenditures by Sub-Appropriation	Actual 2002-2003 $(000s)	Estimate 2002-2003 FTEs	Estimate 2002-2003 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	802.5	13.00	797.4	5.1	
Other Expenditures	262.1		279.8	(17.7)	
Total Sub-Appropriation	**1,064.6**	**13.00**	**1,077.2**	**(12.6)**	

Disbursements and Accounting

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- Initiated plans for upgrading all server hardware and operating systems to the most recent versions including a migration of e-mail application software;
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- Provided consulting, technical and project management services for Treasury Division in support of the Treasury function. This included desktop and network infrastructure and hardware/software upgrades to accommodate changes in technology of Financial Management tools, enhanced reporting for the Treasury Management system, and support for the implementation of the first phase of a re-write to the Trust Management system.

3 (d) **Legislative Building Information Systems**

Expenditures by Sub-Appropriation	Actual 2002-2003	Estimate 2002-2003		Variance Over/(Under)	Expl. No.
	$(000s)	FTEs	$(000s)	$(000s)	
Salaries and Employee Benefits	802.5	13.00	797.4	5.1	
Other Expenditures	262.1		279.8	(17.7)	
Total Sub-Appropriation	1,064.6	13.00	1,077.2	(12.6)	

Internal Audit and Consulting Services

The Internal Audit and Consulting Services branch provides internal audit services to management throughout government. All government departments have access to internal audit services through annual audit plans or for high-priority matters.

Activities of the branch in 2002/2003 included:

- The completion of 55 audits during the year (2001/2002: 57), based on assignments greater than 100 hours. Of these, 2 (2001/2002: 6) were value for money audits, 42 (2001/2002: 24) were primarily focused on financial and management practices, and 11 (2001/2002: 27) other engagements were completed.
- Annual reports, summarizing the audit activities for the year and the audit plan for the upcoming year, were prepared for each department.
- Development and presentation of risk management information for managers across government.
- Internal assessment of audit processes.
- Participation in IIA and ISACA boards and activities.
- Provided leadership to the Financial Management Development Program.

3 (e) Internal Audit and Consulting Services

Expenditures by Sub-Appropriation	Actual 2002-2003 $(000s)	Estimate 2002-2003 FTEs	Estimate 2002-2003 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	1,541.5	27.50	1,739.2	(197.7)	1
Other Expenditures	190.6		208.4	(17.8)	
Total Sub-Appropriation	**1,732.1**	**27.50**	**1,947.6**	**(215.5)**	

1. Under expenditure is due to position vacancies and underfilling.

Enterprise System Management

The Enterprise System Management (ESM) branch supports the business and administrative requirements of the government by providing dependable, cost-effective protection, maintenance and enhancement capabilities in support of the enterprise-wide integrated Finance/Procurement and Human Resource/Payroll management system (SAP). SAP is a government-wide system implemented within all government departments and certain specific organizations/entities.

The branch:

- manages system improvements or enhancements by defining and prioritizing these in conjunction with government departments;
- analyses, designs and builds solutions to support government-wide business requirements and ensures the system is current with all legislative and policy changes;
- configures and tests Finance, Procurement, Human Resource(HR) and Payroll processes/modules;
- provides expert support to end-users in all government departments;
- develops and provides multiple classroom sessions and customized user workshops; and
- manages technology and infrastructure required to deliver the SAP product in the Manitoba environment.

In fiscal year 2002/2003, 171 Finance, Procurement and HR system changes were completed. These system changes included reports, interfaces, configuration and customization. Of these, 77 were to resolve end user problems, 32 were enhancements done at the request of departments and central operations and 62 were mandatory changes as a result of policy and legislative changes.

Significant initiatives were also undertaken in 2002/2003, including:

- Refinement and expanded rollout of SAP Accounts Receivable functionality to various departments.
- Research and development of strategy for applying SAP system capability to meet Manitoba's future needs and opportunities (e.g. E-government).
- End User documentation - Provision of a comprehensive user support tool (ESM web site) incorporating business rules and training material.
- System and process changes to ensure compliance with Canadian Payment Association (CPA) requirements.
- Partnered with the department of Family Services and Housing (FSH) to begin the design and implementation of a new collective agreement and payroll group in SAP. This will replace the FSH legacy system for all human resource functions required for approximately 2000 Direct Service Workers.
- Partnered with Transportation and Government Services to test the functionality of the personnel cost-planning module in SAP. This pilot project allowed departments to assess and compare current salary budgeting tools with SAP salary budgeting and forecasting functionality.
- Implementation of the Audit Information System (AIS) functionality to be used by the Office of the Auditor General and the Department of Finance Internal Audit Branch.
- Partnered with Materials Distribution Agency (MDA) to implement new technology and processes to allow for the automatic updating of SAP generated purchase orders into MDA's stand alone inventory system. This new technology and functionality know as "Business Connector" eliminates duplicate and redundant processing of over 4000 purchase orders annually within MDA.

3 (f) Enterprise System Management

Expenditures by Sub-Appropriation	Actual 2002-2003	Estimate 2002-2003		Variance Over/(Under)	Expl. No.
	$(000s)	FTEs	$(000s)	$(000s)	
Salaries and Employee Benefits	2,482.5	41.00	2,305.4	177.1	1
Other Expenditures	4,763.8		5,220.5	(456.7)	2
Total Sub-Appropriation	**7,246.3**	**41.00**	**7,525.9**	**(279.6)**	

1. *Over expenditure is primarily due to the deferral of the SAP version upgrade that resulted in salary costs not being capitalized as planned. This has been reduced in part by other salary savings as a result of position vacancy management and voluntary reduced workweek.*
2. *Under expenditure is due to renegotiated maintenance/lease contracts including storage disk/contracts for Basis Support, reduction in SAP maintenance charges, and other savings related to staff training and computer related charges.*

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3 (f) **Enterprise System Management**

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Total Sub-Appropriation	**7,246.3**	**41.00**	**7,525.9**	**(279.6)**	

1. *Over expenditure is primarily due to the deferral of the SAP version upgrade that resulted in salary costs not being capitalized as planned. This has been reduced in part by other salary savings as a result of position vacancy management and voluntary reduced workweek.*
2. *Under expenditure is due to renegotiated maintenance/lease contracts including storage disk/contracts for Basis Support, reduction in SAP maintenance charges, and other savings related to staff training and computer related charges.*

TAXATION DIVISION

The Taxation Division is responsible for efficiently and effectively administering the following Provincial Taxation Acts and ensuring proper revenues are collected as provided in these Acts:

The Corporation Capital Tax Act
The Gasoline Tax Act
The Health and Post Secondary Education Tax Levy Act
The Mining Tax Act
The Motive Fuel Tax Act
The Retail Sales Tax Act
The Revenue Act, Part 1, Part IV
The Tobacco Tax Act
The continuing phase-out of the Manitoba Succession Duty and Gift Tax Acts

Actual revenues for the 2002/2003 fiscal year under the Taxation Acts noted above as well as for the Mining Claim Tax and Environmental Protection Tax, were $1,907,003,100 which exceeded estimated revenues by $12,731,100.

The major variances from the estimate are as follows:

- Corporation Capital Tax revenues exceeded the estimate by $10,340,100 resulting from corporate growth and timing differences on the receipt of instalment payments.
- Health and Post Secondary Tax Levy revenues exceeded the estimate by $13,981,800 due to high employment levels, wage settlements during the year and a project which identified non-registered employers.
- Revenue Act Tax revenues exceeded the estimate by $5,471,800 due to increased natural gas prices and an increase in consumption of hydro and natural gas due to a colder than normal winter.
- Retail Sales Tax revenues fell short of the estimate by $25,916,500 due to lower than projected consumer spending and delayed implementation of retail sales tax on mechanical and electrical contracts.

Taxation Division
Comparative Statement of Actual Revenues ($000s)

For Fiscal Years Ending March 1999 to March 2003

	1998/1999	1999/2000	2000/2001	2001/2002	2002/2003
Corporation Capital Tax	120,166.6	134,544.3	124,182.5	132,431.6	139,340.1
Gasoline Tax	155,672.9	154,373.4	156,877.1	156,590.1	161,118.3
Levy for Health & Education	224,121.8	225,255.0	238,785.3	244,415.8	257,281.8
Succession Duty and Gift Tax	39.7	39.7	39.7	358.9	142.2
Mining Claim Tax	71.3	71.1	71.0	71.2	71.1
Mining Tax	2,765.0	7,262.1	45,443.1	9,357.1	17,541.1
Motive Fuel Tax	68,711.5	64,060.0	66,670.5	66,281.0	70,131.9
Retail Sales Tax	882,708.8	917,666.5	932,782.9	965,559.8	1,006,583.5
Revenue Act, 1964, Part I	55,330.3	56,955.7	67,981.0	65,923.8	71,071.8
Tobacco Tax	114,919.4	112,531.5	121,478.6	138,301.9	180,508.6
Environmental Protection Tax	2,995.0	3,349.5	3,036.9	3,399.6	3,212.7
Total	1,627,502.3	1,676,108.6	1,757,348.6	1,782,690.8	1,907,003.1

Management and Research

The Management and Research branch ensures the effective management and application of provincial Taxation Statutes. The government's taxation requirements are conveyed by providing tax expertise and direction to the Taxation Administration and Audit branches and providing necessary information to taxpayers and to businesses that collect the taxes.

The major objectives of this branch are to:

- provide management, leadership and policy assistance on statutes administered by the Taxation Division;
- maintain an effective tax-gathering system that applies the legislation consistently and ensures the collection of the tax revenues imposed by the Acts administered by the Taxation Division;
- implement new tax legislation as directed;
- respond accurately and promptly to enquiries from tax collectors and taxpayers;
- develop taxation revenue and expenditure forecasts, and analyse variances from budgeted amounts;
- inform the Minister and Deputy Minister of tax revenue options, and recommend required changes to upgrade the effectiveness of legislation and tax administration policy;
- develop and update tax interpretation manuals for the use of Taxation Division staff, and tax bulletins to inform businesses of tax collection and remittance requirements; and
- provide tax management expertise and direction as needed to maximize the effectiveness of the Taxation Administration and Audit branches, and to coordinate the efforts of all three branches on the implementation of new programs.

Activities undertaken by the branch during the year included the following:

- provided the Minister of Finance and the Deputy Minister with recommendations for changes in legislation and policy, evaluated the administrative and revenue implications of changes being considered by the government and implemented the changes as directed;
- worked closely with several construction associations to implement sales tax changes that simplify the application of sales tax on mechanical and electrical contract and ensure a level playing field on contract bids which included providing public workshops across Manitoba to explain the changes to contractors;
- developed an additional 46 bilingual forms and information bulletins, to the Taxation Division Website bringing forms and bulletins total to 96;
- prepared official communications, including ministerial responses regarding taxation matters;
- related with other departments, jurisdictions, businesses that collect the taxes, taxpayers and associations on taxation matters;
- prepared financial forecasts and analyses in order to assist in strategic taxation planning;
- trained and developed staff;
- developed, implemented and monitored management performance action plans;
- developed and implemented new taxation policy and administration procedures and informed Taxation Division staff and the taxpayer community;
- researched and developed tax interpretations and bulletins to inform businesses of the tax requirements;
- liased with Canada Customs and Revenue Agency (CCRA) and other jurisdictions on co-operative information exchanges, joint compliance initiatives and other taxation administration and management issues;
- continued participation in the Better Systems Initiative and implementation of the new computer system to enhance public services; and
- participated in the development of the department's business plan.

The results obtained during 2002/2003 include:

- revenues collected as imposed by the taxation acts;

- maintained a fair, effective and efficient tax-gathering system, with a sufficient deterrent to tax avoidance or evasion;
- evaluations regarding the implications of administrative and revenue options being considered by the government were developed on a timely basis;
- new legislation implemented on time and in an efficient and effective manner;
- assisted with implementation of the integrated computer fax system;
- official communications prepared in a timely manner;
- set of key information bulletins developed and/or updated and made available on the internet;
- financial forecasts and analyses prepared in a timely manner;
- Taxation Division's resources effectively and efficiently controlled and utilized; and
- Taxpayer queries answered in a timely manner, promoting self-compliance.

4 (a) Management and Research

Expenditures by Sub-Appropriation	Actual 2002-2003 $(000s)	Estimate 2002-2003 FTEs	Estimate 2002-2003 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	907.6	18.50	1,119.8	(212.2)	1
Other Expenditures	145.6		173.0	(27.4)	
Total Sub-Appropriation	**1,053.2**	**18.50**	**1,292.8**	**(239.6)**	

1. Under expenditure is due to position vacancies and delays in filling vacant positions.

Taxation Administration

The Taxation Administration branch facilitates the effective and efficient administration and collection of taxes from taxpayers, as required by legislation, regulation and policies, and provides information to its clients.

The staffing complement for the 2002/2003 fiscal year was 74.42 staff positions. The branch is production oriented and provides processing services and information to Manitoba taxpayers and provides the administrative needs of the other two branches of the Taxation Division. The Taxation Administration branch is responsible for ensuring the prompt and accurate processing of $1.9 billion in tax revenues annually from the Taxation Acts administered by the Taxation Division, as well as the Mining Claim Lease Tax and the Environmental Protection Tax.

The major objectives of this branch are:

- accurate processing of tax revenue received;
- providing an effective and efficient tax gathering system;
- training and development of staff;
- ensuring tax rolls for each statute reflect the most current data available;
- proper reporting of the collection of taxes;
- accurate refunds with minimum delays;
- promote essential tax information to the taxpayer; and
- to effectively reduce outstanding tax arrears and delinquent tax returns.

Activities undertaken by the branch during the year included the following:

- provided field services to taxpayers on tax interpretations, remittance procedures, licensing and other requirements of the Acts and Regulations;
- collection of outstanding tax arrears and delinquent tax returns are actioned with a view to minimizing losses;
- ensured taxation data bases were promptly updated and accurately reflected the current status for each taxpayer;
- ensured remittance forms were produced and mailed at the required times to ensure tax revenues are received in a timely fashion;
- ensured refunds of tax were accurate and were produced with a minimum of delay;
- ensured fuel sampling is conducted to provide compliance with legislation;
- maintained filing systems to provide the necessary historical data on each taxpayer as required by all areas within the Taxation Division;
- recommended related policy change options and possible amendments to the Acts;
- trained and developed staff;
- developed, implemented and monitored management performance action plans;
- recorded and transmitted to the Tire Stewardship Board on a monthly basis, the tire levy collected on behalf of the Board; and
- participated in the Better Systems Initiative working toward integration of the Taxation statutes and single window access by taxpayers.

The results obtained during 2002/2003 include:

- proper recording and collection of taxes imposed by the Acts;
- maintenance of an effective and efficient tax-gathering system;
- taxpayers and the general public provided with information necessary to comply with the statutes; and
- implementation of an integrated tax system for the Health and Post Secondary Education Tax Levy, Retail Sales Tax and the Corporation Capital Tax.

The Taxation Statutes for which the Taxation Administration branch is responsible are as follows:

The Retail Sales Tax Act

This Act levies a tax on certain services and goods purchased in Manitoba, or brought into the province for consumption. The tax rate of 7% is calculated on the retail-selling price excluding the Goods and Services Tax. Exemptions are provided for food items, children's clothing and footwear up to $150 per item, prescription drugs, farm implements, books, toll free line charges, commercially operated aircraft, custom developed software and custom computer programming, sanitary napkins and for certain other items.

The Health and Post Secondary Education Tax Levy Act

This Act imposes a tax on employers' total annual gross remuneration paid to their employees. Employers whose total annual gross remuneration paid to their employees is less than $1,000,000 are exempt from paying the levy (associated corporations are required to share the exemption). Employers whose total annual gross remuneration paid to their employees exceeds $1,000,000 but is less than $2,000,000 pay tax on the portion over $1,000,000 at a rate of 4.3%. Employers whose total annual gross remuneration paid to their employees exceeds $2,000,000 pay tax at a rate of 2.15%.

The Corporation Capital Tax Act

This Act imposes a tax on corporations' taxable paid up capital as defined in the Act. In general terms, taxable capital is "net funds" invested in corporations. "Funds" include all types of investments such as mortgages, loans and shareholders' equity. If the taxable paid up capital is less than $5,000,000 the corporation is exempt from this tax. Associated corporations are required to share the exemption for fiscal years commencing after January 1, 2004, the exemption will be converted to a $5 million deduction (the deduction must be shared among associated corporations). The tax rate is 0.3% of the taxable paid up capital with an additional 0.2% surtax on the taxable capital in excess of $10,000,000. Banks, trust and loan companies are taxed based on the shareholder equity at a rate of 3%.

The Gasoline Tax Act

This Act imposes a per litre tax on all purchases of gasoline, aviation fuel and gasohol, subject to certain exemptions (dyed fuel used for farming, fishing, trapping, logging and the cargo component of international aircraft flights).

The Motive Fuel Tax Act

This Act imposes a per litre tax on all purchases of petroleum products used in the operation of an internal combustion engine or for commercial heating, that are not taxable under The Gasoline Tax Act, subject to certain exemptions (dyed fuel used for farming, fishing, trapping, logging, segments of the mining industry, domestic home heating and international ocean going vessels). The Taxation Administration branch administers the International Fuel Tax Agreement (IFTA) whereby truckers licensed in Manitoba are allowed to file a tax return which accounts for all jurisdictions travelled. The branch is responsible for verifying the returns and either issue recovery notices or refunds to other IFTA member jurisdictions.

The Tobacco Tax Act

This Act imposes a tax on the purchase of cigarettes, fine cut tobacco, cigars and other tobacco products.

Part I of The Revenue Act

This Act imposes a 7% tax (before GST) on the purchase price of electricity, coal, and natural and manufactured gas delivered by a pipeline. Special exemptions are provided for the heating of domestic dwellings and farm buildings. The tax rate for electricity used directly for manufacturing and mining has been reduced to 1.4%.

The Mining Tax Act

This Act imposes a tax on the profits of mining operations (after allowing a processing allowance).

Operational Results

Operational results for the 2002/2003 fiscal year include 45,464 registered vendors, collectors and deputy collectors and 336,855 returns generated per annum.

The Administration branch also processed 20,049 refunds (representing $61,656,000) and chargebacks (representing $1,579,609).

As at March 31, 2003, there were service stations operating on 58 Indian Reserves and 131 retailers who had entered into an agreement with the Province to provide tax-free fuel to Status Natives. A total of $5,482,683 representing 3,381 claims was disbursed under this program during the 2002/2003 fiscal year for both diesel and gasoline fuel.

In the 2002/2003 fiscal year, the Manitoba Government continued to negotiate agreements with Indian Bands to provide a tobacco tax exemption for tobacco products sold to Status Natives on reserves. As at March 31, 2003 there were 58 Indian Bands who had entered into agreements. A total of $11,053,951 representing 1,249 claims was disbursed under this program during the fiscal year.

Collections

The Collections and Field Services Section is responsible for the collection of all outstanding taxes and delinquent returns, statute interpretation and taxpayer compliance with the various statutes administered by the Taxation Division. The section accomplishes the above by telephone contact, enforcement action, visits, examination of records, fuel sampling programs and the review of bulk plant operations.

4 (b) Taxation Administration

Expenditures by Sub-Appropriation	Actual 2002-2003 $(000s)	Estimate 2002-2003 FTEs	Estimate 2002-2003 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	3,051.9	74.42	3,134.4	(82.5)	
Other Expenditures	9,762.3		3,734.2	6,028.1	*1*
Total Sub-Appropriation	**12,814.2**	**74.42**	**6,868.6**	**5,945.6**	

1. *Over expenditure is essentially due to an increase in the provision for doubtful accounts for taxation receivables deemed uncollectible.*

AUDIT

The Audit branch ensures that all taxes administered by the Taxation Division are remitted to the province, through the promotion of voluntary compliance by taxpayers (including all collectors and registrants).

The Audit branch is structured into four operational units:

- **Audit** comprises two groups - Desk Audit and Field Audit; these groups are responsible for conducting audits of taxpayers under various Taxation Statutes administered by the Taxation Division;
- **Audit Review** is responsible for the quality review of audit files, workload development, file selection on taxpayer appeals and for the development of audit policies and procedures;
- **Investigations** is responsible for gathering evidence and the investigation of violations of Taxation Statutes administered by the Taxation Division; and
- **Westman Regional Office** provides a rural perspective to tax policy development and operational programs, responsibility for all audit functions as well as investigations in Western Manitoba and provides taxpayer information services for areas outside Winnipeg.

The major objectives of this branch are to:

develop an efficient and effective audit program focused on high risk areas and throughout the cross-section of industries;

develop an efficient and effective investigation program where violations under the Taxation Statutes are detected;

provide accurate information in a timely manner to businesses relating to tax interpretation of the Taxation Statutes; and

develop branch policies and procedures which ensure fair and consistent tax application to all businesses and which improve branch efficiency and effectiveness.

Activities undertaken by the branch during the year included the following:

- conducted audits under the various statutes to ensure proper remittance of taxes and promote voluntary compliance by taxpayers;
- participated in the Better Systems Initiative – a project aimed at improving public services through streamlined processes and the use of technology:
  - participated in the implementation of the new tax administration system including extensive training of staff;
  - developed and implemented a computerized audit module to integrate audit information with the new tax administration system, improve audit selection effectiveness, and improve the Management Reporting System to aid management and staff in controlling, monitoring and evaluating results achieved in the audit and audit review sections;
- issued various policies and procedures to all staff to assist in the performance of audits and investigations;
- participated in the development of legislation and regulations;
- conducted training sessions for the staff of the Audit branch on new policies and procedures issued, on the operation of lap top computers and on legislative amendments under various taxation statutes to aid audit staff in the performance of audits;
- participated with Canada Customs and Revenue Agency and other provinces to develop co-operation and implement exchange of information on audits and investigations;
- conducted audits and reviews of the fuel and tobacco tax exemption systems for First Nations people;
- as part of the Canadian Fuel Tax project:
  - participated in a steering committee of the project - which is working on common definitions and legislation, co-operation at border points and changing this forum to a permanent Fuel Tax Council; and
  - participated in the Enforcement Committee – which is endeavouring to establish protocols between jurisdictions and the industry for the exchange of intelligence information for enforcement on a national basis and to identify operational audit and enforcement best practices to detect fuel tax evasions;
- as part of the Canadian Tobacco Tax Steering Committee:
  - participated in the steering committee and sub-projects – which is working to establish a mechanism through which all jurisdictions can share best practices, promote communication of ideas and propose alternative solutions to common problems related to the administration of Tobacco Taxes.
- participated in the national Marking and Stamping Committee for Tobacco enforcement to develop between industry and government, secure methods of marking tobacco products;
- conducted audits of tire vendors on behalf of the Tire Stewardship Board;
- conducted fuel sampling in the Westman and other rural areas to detect the improper use of tax exempt dyed fuel;
- conducted audits of taxpayers using computer-assisted audit techniques and software;
- provided direct support to numerous taxpayers in person and by telephone through the Westman Regional Offices, in the form of information on taxation statutes, applications for registration, International Fuel Tax Agreement (IFTA) applications as well as receiving monthly returns and payments;
- Continued training staff in IFTA audit programs and computer software and hardware, and continued conducting IFTA audits;
- developed and implemented audit programs for the International Registration Program (IRP), trained staff and commenced conducting IRP audits;
- increased awareness of tax evasion and the underground economy with managers of investigative bodies of provincial government and Crown corporations by arranging meetings to exchange information;
- developed, implemented and monitored management performance action plans;
- participated in various conferences with other provincial, federal and state taxing jurisdictions for the purpose of exchanging audit and investigative information and to ensure that the Audit branch is informed on developments in other taxing jurisdictions;
- participated in joint force investigations with Federal agencies and other provinces regarding Tobacco Tax, Retail Sales Tax, Gasoline Tax, Motive Fuel Tax and IFTA; and
- drafted communications for the Minister, the Deputy Minister and the Assistant Deputy Minister of Finance.

The results obtained during 2002/2003 include:

- conducted audits which recovered tax not reported and/or not remitted;
- conducted investigations and prosecuted tax evaders;
- responded to taxpayer queries in a timely manner;
- policies and procedures developed and/or updated.

Audit

Completed refunds	415
Completed files	1,536
Audit recoveries	$ 35,078,458

Investigations

Completed files	455
Charges	463
Convictions	446
Fines	$ 136,089
Recoveries	$ 137,270

Audit Review

Audit files reviewed	569
Reviewed Notices of Assessments	69
Appeals reviewed (In progress 32; Completed 6)	38

4 (c) Audit

Expenditures by Sub-Appropriation	Actual 2002-2003 $(000s)	Estimate 2002-2003 FTEs	Estimate 2002-2003 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	5,212.4	93.00	5,398.6	(186.2)	
Other Expenditures	933.0		1,026.9	(93.9)	
Total Sub-Appropriation	**6,145.4**	**93.00**	**6,425.5**	**(280.1)**	

Tobacco Interdiction

The Tobacco Interdiction program protects the revenues of the government under the Tobacco Tax Act. This program was implemented to counter against the increased risk of smuggling of lower taxed tobacco products from Eastern Canada to Manitoba and the Western provinces.

The Tobacco Interdiction program is made up of a combination of staff seconded from the Investigations group and the hiring of investigators and auditors on a casual/term basis specifically for this program.

The major objectives of this program are to:

- maintain an effective tax gathering system through the presence of an enforcement profile that will promote voluntary compliance by taxpayers and tax collectors;
- develop audit and investigation programs which detect tax evaders;
- prosecute tax evaders; and
- provide information to taxpayers on proper tax collection and remittance requirements.

Activities undertaken under this program during the year included the following:

- participated in investigations with the RCMP, Canada Customs and Revenue Agency (CCRA) and Winnipeg Police Service of contraband tobacco violations;
- liaised with counterparts in the Departments of Finance in Saskatchewan, Alberta and British Columbia on a regular basis to coordinate the investigation and prosecution of the smuggling of contraband tobacco into Western Canada;
- liaised with counterparts in the Departments of Finance in Eastern Canada to solicit their assistance and co-operation in the tobacco interdiction program;
- refined the program to stop the illegal importation of tobacco from Eastern Canada into the Western provinces including utilizing technology used by CCRA to detect the presence of tobacco in commercial motor vehicles;
- developed policies, programs, procedures and information for taxpayers which result in the most efficient and effective utilization of resources to achieve compliance;
- recommended related policy change options and possible amendments to the Acts, evaluated the implication of changes being considered by the government and implemented the changes as directed;
- conducted audits of tax collectors and taxpayers relating to the smuggling of tobacco products and other violations of the Act;
- prosecuted tax evaders;
- liaised with law enforcement agencies, including Winnipeg Police Service, Canada Customs, RCMP, Ontario Provincial Police, Brandon Police Service and Kenora Police Force;
- updated a smuggler profile for use by law enforcement agencies to intercept major shipments;
- liased with the Winnipeg Police Service Airport Detachment to assist in detection and prosecution of contraband shipments of tobacco by air;
- maintained a program of interaction with the transportation industry;
- continued to co-operate with other provincial agencies and Crown corporations in assisting investigations into tobacco smuggling;
- trained and developed staff;
- continued to refine management performance action plans; and
- responded to media requests for information on the interdiction program.

The results obtained during 2002/2003 include:

- maintained an effective tax gathering system which protects revenues under the Tobacco Tax Act;
- conducted audits which recovered taxes not reported and/or not remitted;
- conducted investigations and prosecuted tax evaders; and
- responded to taxpayer queries in a timely manner.

Tobacco Interdiction

Investigations Staff *

Completed files		50
Charges		3623
Convictions		2324
Fines	$	10,075
Recoveries	$	533,625

* In addition, staff of the Audit branch are also involved in Tobacco Interdiction investigative duties.

4 (d) Tobacco Interdiction

Expenditures by Sub-Appropriation	Actual 2002-2003 $(000s)	Estimate 2002-2003 FTEs	Estimate 2002-2003 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	496.7	10.00	582.7	(86.0)	
Other Expenditures	240.0		253.1	(13.1)	
Total Sub-Appropriation	**736.7**	**10.00**	**835.8**	**(99.1)**	

FEDERAL-PROVINCIAL RELATIONS AND RESEARCH DIVISION

The Federal-Provincial Relations and Research Division is comprised of the Economic and Federal-Provincial Research unit and the Manitoba Tax Assistance Office.

The division's primary goals are:

- to provide research, technical and analytical support in respect of national and provincial fiscal and economic matters and intergovernmental financial relations, including cost-shared programs;
- to administer fiscal arrangements and tax collection agreements with the federal government and to administer tax credit programs with the federal government and municipalities; and
- to provide government-wide analytical support to inter-departmental working groups, task forces, etc.

Economic and Federal-Provincial Research

The major functions fulfilled by Economic and Federal-Provincial Research are:

- providing the government with research and technical support with respect to national and provincial fiscal and economic matters and intergovernmental financial relations, and to fulfill the department's specific economic and fiscal information requirements;
- providing advice and policy analysis with respect to a broad range of economic and fiscal matters including revenue and expenditure policies;
- serving as the principal administrative unit of the province for the Income Tax Act (Manitoba), the Federal-Provincial Fiscal Arrangements Act and the Tax Collection Agreement with the federal government;
- advising on policies relating to Federal-Provincial fiscal and economic relations;
- supporting provincial policy, and advancing provincial fiscal interests while representing the province in various meetings and committees; and
- administering tax credit programs with the federal government and municipalities.

Major areas of responsibility include intergovernmental fiscal relations, economic and fiscal policy analysis and tax policy formulation. Accordingly, the Economic and Federal-Provincial Research unit is comprised of an Administrative Unit and three branches:

- Intergovernmental Finance branch;
- Economic and Fiscal Analysis branch; and
- Taxation Analysis branch, which is also responsible for the Tax Assistance Office.

The division's senior staff consists of an Assistant Deputy Minister and the Directors of the three branches.

Intergovernmental Finance

The Intergovernmental Finance branch includes seven staff positions.

The branch Director and staff undertake ongoing analysis and interpretation of intergovernmental fiscal transfers in respect of personal and corporate income tax collections, federal financing for health, higher education and social programs, equalization, fiscal stabilization and some aspects of provincial/local government fiscal arrangements.

Total provincial revenues governed by Federal-Provincial fiscal arrangements and administered by the branch in 2002/2003 included: $1,337.6 million in equalization payments; $756.0 million in cash payments for social programs; and $2.2 million in other unconditional subsidies.

The Intergovernmental Finance branch also provides support in administering Provincial-Municipal Tax-Sharing payments.

The Intergovernmental Finance branch coordinates the fiscal analysis necessary for the Minister and Cabinet to develop the Budget, and coordinates the production of the Budget and related documents.

The branch Director and staff represent the province at Federal-Provincial meetings and on working groups on fiscal data, fiscal arrangements and other Finance issues. In addition, the branch also provides support to the Federal-Provincial Relations Secretariat of the Executive Council, the Manitoba Minister on the Council on Social Policy Renewal, and participates with other ministries and participants in various intergovernmental working groups in this region.

Revenue from Federal-Provincial Fiscal Arrangements ($000's)
For Fiscal Years Ending March 1999 to March 2003

	1998/1999	1999/2000	2000/2001	2001/2002	2002/2003
Income Taxes					
Individual Income Tax	1,807,157.5	1,611,231.5	1,756,646.5	1,658,961.6	1,636,187.1
Corporation Income Tax	215,227.9	306,819.4	444,127.5	306,381.0	160,512.8
Sub Total	2,022,385.4	1,918,050.9	2,200,774.0	1,965,342.6	1,796,699.9
Federal Transfers					
Equalization	912,382.0	1,271,747.0	1,339,236.0	1,399,151.0	1,337,625.0
Social Transfers:					
- Canada Health and Social Transfer	513,301.0	509,247.0	545,810.0	685,235.8	755,985.0
- Canada Assistance Plan [1]	2,139.5	-	-	-	-
- Federal Health/CHST Supplement	-	130,594.8	92,207.0	-	-
Other Transfers	2,246.1	2,247.7	2,247.7	2,315.6	2,247.3
Sub Total	1,430,068.6	1,913,836.5	1,979,500.7	2,086,702.4	2,095,857.3
Total from Fiscal Arrangements	3,452,454.0	3,831,887.4	4,180,274.7	4,052,045.0	3,892,557.2

1. *The Canada Assistance Plan (CAP) was eliminated with the introduction of the Canada Health and Social Transfer (CHST). 1998/1999 revenue results from final adjustments under the plan.*

Economic and Fiscal Analysis

The Economic and Fiscal Analysis branch includes three staff positions.

The branch's mandate is to provide economic and fiscal analysis of national and regional matters for the Minister and Cabinet, as well as for use by various departments in policy development and Estimates preparation.

The branch monitors and reviews a wide variety of private sector and public sector analyses and forecasts, and maintains an extensive information base in order to meet its objective.

The branch Director and staff represent the province on Federal-Provincial committees and working groups and provide economic analytical support for Finance Ministers' and First Ministers' meetings. As well, the branch provides interdepartmental coordination of economic analysis through the Interdepartmental Economic Outlook Group.

The branch prepares the Economic Review presented with the Budget. It also provides and coordinates the technical and analytical input to multi-year fiscal projections including the Medium-Term Fiscal Plan.

An important and ongoing task of the branch is to prepare major components of provincial borrowing prospectuses and securities registration with regard to economic and financial data, and to represent the province in "due diligence" examinations of borrowing documents. A related task is to prepare major presentations and publications for financial institutions and credit-rating agencies.

The branch also responds to numerous requests for information on the Manitoba economic and fiscal situation from Canadian and international investment analysts as well as from companies, organizations and individuals in Manitoba.

Taxation Analysis

The Taxation Analysis branch has six staff positions assigned with a further eight staff positions in the Manitoba Tax Assistance Office.

The Taxation Analysis branch maintains databases and analytic models, and develops recommendations for the Minister and Cabinet for taxation policy and for specific tax measures and tax credits. Tax measures are implemented through Budgets and legislation of the province and, for income taxes, through the Federal-Provincial Tax Collection Agreement.

The branch is responsible for analyzing the fiscal and economic effects of federal tax measures and proposals. This work entails participation in the relevant Federal-Provincial working groups, representing the province at various Federal-Provincial meetings, and providing advice for ministerial meetings.

Total provincial revenue from income taxes administered by the branch in 2002/2003 amounted to $1,636.2 million in individual income tax and $160.5 million in corporation income tax.

The branch supervises the Tax Assistance Office and the several programs administered in that office. These include the Manitoba Tax Credit programs and several programs related to Manitoba personal income tax. These programs benefit approximately 500,000 Manitobans annually. The Manitoba Tax Assistance Office also provides information and assistance to Manitobans in completing the provincial portion of their income tax returns.

Net Tax Credit Payments

10 Net Tax Credit Payments

Expenditures by Sub-Appropriation	Actual 2002-2003 $(000s)	Estimate 2002-2003 FTEs	Estimate 2002-2003 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Manitoba Education Property Tax Credit	162,689.3		174,551.0	(11,861.7)	
Personal Tax Credit	49,200.9		51,345.0	(2,144.1)	
Manitoba Learning Tax Credit	310.6			310.6	
Pensioners' School Tax Assistance	2,809.4		3,288.0	(478.6)	
Political Contribution Tax Credit	607.7		685.0	(77.3)	
Environmentally Sensitive Areas Tax Credit	1.0		500.0	(499.0)	
Federal Administration Fee	861.7		875.0	(13.3)	
Less: Recoverable from Advanced Education					
Manitoba Learning Tax Credit	(310.6)			(310.6)	
Less: Recoverable from Education, Training and Youth:					
Manitoba Education Property Tax Credit	(162,689.3)		(174,551.0)	11,861.7	
Pensioners' School Tax Assistance	(2,809.4)		(3,288.0)	478.6	
Total Sub-Appropriation	**50,671.3**		**53,405.0**	**(2,733.7)**	*1*

1. *Net under expenditure is essentially due to final prior year (2001 final) adjustments resulting from lower than forecast personal tax credits and implementation of the Environmentally Sensitive Areas Tax Credit later in the fiscal year.*

Administrative Unit

This unit, with a staff of four, provides administrative support, word processing, library and filing services, and research support to the Assistant Deputy Minister and the branches of the division.

Results:

- The Minister and Cabinet are provided with timely and accurate information with regard to major fiscal, economic and taxation issues, including intergovernmental implications.
- Preparation and delivery of necessary reports and presentations to facilitate the conduct of the province's fiscal affairs, including support for the borrowing program.
- Benefits to Manitoba from fiscal arrangements are maximized.

5 (a) Economic and Federal-Provincial Research

Expenditures by Sub-Appropriation	Actual 2002-2003 $(000s)	Estimate 2002-2003 FTEs	Estimate 2002-2003 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	1,405.9	21.25	1,465.1	(59.2)	
Other Expenditures	1,329.7		1,217.5	112.2	
Total Sub-Appropriation	**2,735.6**	**21.25**	**2,682.6**	**53.0**	

Manitoba Tax Assistance Office

The major functions fulfilled by the Manitoba Tax Assistance Office include:

- informing and assisting taxpayers on the proper application of Manitoba Income Tax and tax credit programs for residents of Manitoba;
- administering all elements of the Resident Homeowners' Tax Assistance program (Manitoba Education Property Tax Credit Advance);
- enforcing the provisions of the legislation governing Manitoba Income Tax and Manitoba tax credit programs including recovery of ineligible claims; and
- administering Tax Rebate Discounting.

The major activities include:

- providing information to taxpayers claiming any of the above programs and administering these programs with Canada Customs and Revenue Agency;
- responding to enquiries and processing benefit applications; and
- contacting individuals to recover ineligible amounts claimed under Manitoba Income Tax and Tax Credit legislation.

Results:

Residents of Manitoba receive benefits to which they are entitled under the Manitoba Income Tax Act.

5 (b) Manitoba Tax Assistance Office

Expenditures by Sub-Appropriation	Actual 2002-2003	Estimate 2002-2003		Variance Over/(Under)	Expl. No.
	$(000s)	FTEs	$(000s)	$(000s)	
Salaries and Employee Benefits	301.7	8.00	368.2	(66.5)	
Other Expenditures	76.0		70.9	5.1	
Total Sub-Appropriation	**377.7**	**8.00**	**439.1**	**(61.4)**	

TREASURY BOARD SECRETARIAT

The Treasury Board Secretariat provides financial and analytical support and advice to the Minister of Finance and Treasury Board in fulfilling expenditure management responsibilities. The Secretariat is headed by a Deputy Minister who acts as Secretary to the Board.

The major functions fulfilled by the Secretariat include:

- monitoring, analyzing, and reporting on the financial position of the province;
- planning and coordinating the review and preparation of the annual estimates and participating in the development of the annual budget;
- providing analyses in support of the efficient and effective utilization/allocation of the province's financial and human resources, both in the context of the annual estimates process and on an ongoing basis throughout the year;
- undertaking reviews of specific program areas;
- developing and communicating policies, procedures and guidelines on administrative matters, and maintaining the General Manual of Administration;
- providing guidance to departments in the identification of potential special operating agency (SOA) candidates and in the development of proposals and business plans as well as monitoring and reporting on the operation of special operating agencies;
- representing the government and department management in all labour relations and compensation activities within the civil service as well as providing specialized consulting services respecting labour relations and compensation matters within the public sector;
- providing central administrative services to government-wide employee benefit and insurance programs in accordance with collective agreements, legislation and human resource policies;
- providing guidance to departments on a government wide planning and performance measurement initiative.

The 2002/2003 Estimates of Expenditure and Revenue were tabled in the Legislature with the 2002 Manitoba Budget on April 22, 2002.

Fiscal Planning Office

The Fiscal Planning Office (FPO) is responsible for developing fiscal strategy and planning options for the Government of Manitoba. This is accomplished through the maintenance of an effective budget/planning cycle within an overall fiscal framework. The FPO develops, implements and coordinates the annual estimates process, and finalizes the estimates of expenditure and revenue for tabling in the Legislature. The FPO prepares money bills and support information for tabling in the Legislature, and develops and implements such processes that are necessary to maintain the orderly business of government.

The FPO is also responsible for monitoring the fiscal status of the government and preparing reports, ensuring that the government has accurate, timely and relevant information on its fiscal position. Financial and operational information is provided to senior management of the province to facilitate sound financial management of government programs.

Analytical Units

The three analytical units are aligned on a sectoral basis (Human Services; Economic and Sustainable Development; Community Services) and are responsible for providing ongoing analysis, advice and recommendations in support of the Treasury Board decision-making process, with respect to program, policy and financial direction to departments. The units monitor, analyze and advise on departmental activities, ensuring the effective, efficient and consistent delivery of government policies and priorities. In addition, the analytical units provide support and assistance to the Fiscal Planning Office.

The units are major participants in the development of the annual estimates of expenditure and revenue. They provide advice and guidance to assigned departments in the preparation of their estimates, analyze departmental estimates and evaluate whether they meet fiscal guidelines, and evaluate alternative strategies. They provide advice and recommendations to Treasury Board on program, policy and resource allocation issues, and they communicate and review Treasury Board decisions with assigned departments.

The analytical units provide ongoing advice and analysis to Treasury Board by reviewing departmental Treasury Board Submissions and providing assessments and recommendations. Other activities include participating in departmental reviews and studies; providing advice to departments on Treasury Board guidelines and procedures, as well as on various policy and financial issues; monitoring the program and financial status of departments; analyzing and reporting on departmental financial information to ensure compliance with government policy and financial objectives; and working with senior departmental personnel to ensure that the necessary communication between Treasury Board and departments is maintained.

Administrative Policy Office

The Administrative Policy Office (APO) develops, communicates, interprets, monitors and evaluates administrative policies. These policies direct, guide and assist departmental staff in managing government programs and resources in a way that reflects the government's fiscal strategy.

In the development phase of an administrative policy, the APO consults with other sections in the Secretariat and with departments to identify policy-related issues and potential solutions. In some cases, Treasury Board may give specific direction. To communicate administrative policies, the APO publishes the General Manual of Administration and updates it periodically. The APO also advises and provides direction to departments in the interpretation of administrative policies and procedures.

The Administrative Policy Office also participates in the implementation of performance measurement efforts across government.

Coordination of Special Operating Agencies

The Special Operating Agencies Financing Authority Act received Royal Assent on June 24, 1992 and provides for the establishment of special operating agencies (SOAs). Special operating agencies are service operations, which are granted more direct responsibility for their operating results and have increased management flexibility to encourage entrepreneurship, enhance service, and reduce the cost to government. The Co-ordinator of Special Operating Agencies is responsible for providing guidance to departments in identifying potential SOA candidates and in developing proposals and business plans that are reviewed within the annual estimates process.

In 1992/1993, Fleet Vehicles Agency was established as the first SOA in Manitoba and at the provincial level in Canada. Within four years of its establishment as a SOA, it now serves government's transportation needs with 20% fewer vehicles at a cost saving of $6 million annually. Building on this success, the complement of SOAs has reached seventeen, representing $125 million in business for government. The SOAs continue to provide cost effective services for government and other clients. Further information on the operation of the SOAs is provided in the Annual Report for the Special Operating Agencies Financing Authority Act and for each SOA.

Labour Relations

Negotiation Services

Negotiation Services provides a complete range of labour relations services to government by representing management in labour relations activities involving both unionized and non-unionized employees. These activities include negotiation of collective agreements with various bargaining agents representing government employees, administration of collective agreements, and providing labour relations assistance respecting non-union employees. The branch also provides upon request labour relations services to Crown corporations and government-funded agencies.

Results

The branch undertook preparations for negotiating several major collective agreements that were to expire in March 2003. Negotiations commenced in early 2003 with respect to the renewal of these agreements including the Government Employees' Master Agreement. In addition, the branch negotiated the terms and conditions of a first collective agreement for direct service workers and negotiated a number of transition agreements respecting the transfer of employees between employer jurisdictions.

Contract Administration

Negotiation Services provides services related to the implementation and interpretation of collective agreements and provides advice to management on proposed management action. As part of this responsibility, the branch coordinates grievance and arbitration activities on behalf of government and conducts training sessions for managers and human resources officers regarding their roles in managing under a collective agreement.

Results

Changes were made to a number of collective agreement articles in the last round of negotiations requiring considerable interpretation as to their application. The branch represented the Government in several contract interpretation arbitrations in the past year regarding these applications. The branch also conducted a number of training sessions for staff on the topics of Grievance Handling and Managing Under a Collective Agreement.

Compensation Services

Compensation Services provides a complete range of compensation, classification and benefit services to Treasury Board, Government negotiators, human resource practitioners and department managers. Service is also provided to external organizations that require advice, information or interpretation with respect to civil service compensation policies and practices. These services are accomplished through researching, developing, recommending, implementing and administering pay and benefit policies for the civil service compensation and classification systems.

Results

Research was provided to support the collective bargaining of various collective agreements including costing of bargaining demands, arbitration submissions and implementation of collective agreements.

Compensation and benefits information databases were maintained and expanded, and information exchanged with a variety of local and national employers.

Policies were updated to reflect current compensation policy and practice within the organization.

Classification training was presented to managers and human resource specialists.

Work was begun on transitioning the Dispute Resolution Information System to an SAP configured format.

Benefits Administration

This area is responsible for providing central administrative services for government-wide employee benefits and insurance programs in accordance with collective agreements, legislation and human resource policies. Negotiated benefits plans include the Ambulance & Hospital Semi-Private (AHSP), Dental, Vision, Prescription Drugs and Long -Term Disability (LTD) plans.

Workers' Compensation Board (WCB) costs from government departments and agencies are managed through Benefits Administration. Financial information for statutory benefit and insurance programs including Civil Service Superannuation Plan, Canada Pension Plan, Group Life Insurance Plan, Employment Insurance, and the Levy for Health and Post-Secondary Education, is compiled through the branch. Additionally, the branch is responsible for coordinating the budgeting and financial reporting activities related to Employee Pensions and Other Costs.

Results

130 new applications for LTD were received. This represents a 17% increase over 2001/2002. As of March 30, 2003, 275 employees were in receipt of LTD benefits, which is an increase of 16% from 2001/2002.

Monitored accommodation issues related to redeployment of employees on medical grounds.

Provided administrative support for LTD claims for the provincial community colleges and the Regional Health authorities (for former civil servants only).

7 Treasury Board Secretariat

Expenditures by Sub-Appropriation	Actual 2002-2003 $(000s)	Estimate 2002-2003 FTEs	Estimate 2002-2003 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	3,842.9	66.00	4,382.4	(539.5)	*1*
Other Expenditures	824.9		841.7	(16.8)	
Total Sub-Appropriation	**4,667.8**	**66.00**	**5,224.1**	**(556.3)**	

1. Under expenditure is due to position vacancies.

CONSUMER AND CORPORATE AFFAIRS

The Consumer and Corporate Affairs Division facilitates the resolution of disputes between consumers and businesses and tenants and landlords. The division also administers legislation for incorporation and registration of businesses, licensing of trust and loan corporations, credit unions and caisses populaires, licensing companies and individuals involved in the sale of securities, real estate, insurance and raising capital, regulates utilities and maintains registries of vital events and of interests in land and personal property.

Administration and Finance Division

Executive Support

The Executive Support unit comprising of the Office of the Assistant Deputy Minister provides leadership and direction for the division in the implementation of the policies of the government in an efficient and effective manner.

05 1 (b) Executive Support

Expenditures by Sub-Appropriation	Actual 2002-2003 $(000s)	Estimate 2002-2003 FTEs	Estimate 2002-2003 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	60.7			60.7	
Other Expenditures	4.9		10.0	(5.1)	
Total Sub-Appropriation	**65.6**		**10.0**	**55.6**	*1*

1. *Over expenditure is due to the establishment of the Assistant Deputy Minister's office for Consumer and Corporate Affairs (CCA) as a result of CCA becoming a division under the Department of Finance.*

Administrative Services

Administrative Services ensures the best use of the division's fiscal and physical resources. Administrative Services and Information Technology Support coordinates and responds for the division to central department programs and initiatives, oversees the division estimates process, budget and cashflow.

Administrative Services administers Parts 2 and 3 of the Manitoba Evidence Act. This is the appointment of Commissioners for Oaths and Notaries Public.

Information Technology Support and Administrative Services mandate is to:

- provide consultative assistance, reliable advice, accurate legislative and background information, to the department and the division on issues and initiatives;
- review and recommend changes in division program organization to ensure that reporting relationships are structured on the basis of responsibility and accountability, efficiency and effectiveness;
- provide overall direction for the division's systems/information technology activities;
- review and recommend changes in the administration and delivery of division program systems.

Information Technology Support

Information Technology Support provides application support, project management, programming, server support, direction for the division's systems/information technology activities.

Administrative Services and Information Technology Support activities include:

- actively participating in the division's decision-making by providing expertise, input and advice, and assisting the division in the effective and efficient use of its resources;
- maintaining and communicating information on government-wide and Division-wide policies, providing direction, interpretation, ongoing support and making recommendations to senior management;
- managing the division's information technology and providing information technology infrastructure;
- licensing commissioners for oaths and notaries public and maintaining a registry of appointments;
- coordinating insurance licensing appeal hearings.

Results

Budgeting: Preliminary estimates, quarterly cashflow forecasts, monthly commitment reports developed as required. Budget and expenditure explanations provided. Expenditures monitored and variances for the division reported.

Information Technology: The division's information technology and systems supported the division's business functions.

Commissioner for Oaths and Notary Public: Appointments made and renewed, the registry of appointments maintained, all revenue collected, information provided to public, and notary public seals and signatures authenticated.

Insurance Licensing Appeals: Hearings arranged, information provided to Board and clients.

Advice and Consultation: Advice provided on policies, procedures, and programs regarding new and ongoing initiatives in the division.

MANITOBA EVIDENCE ACT	2002/2003	2001/2002
New Appointments	1,312	1,537
Renewal of Appointments	4,894	4,732
Authentication of Appointments	890	1,490

05 1 (c) **Administrative Services**

Expenditures by Sub-Appropriation	Actual 2002-2003 $(000s)	Estimate 2002-2003 FTEs	Estimate 2002-2003 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	483.2		537.2	(54.0)	
Other Expenditures	188.7		201.1	(12.4)	
Less: Recoverable from Other Appropriations	(185.0)		(185.0)		
Total Sub-Appropriation	**486.9**		**553.3**	**(66.4)**	

Research and Planning

Research and Planning provides research and analysis services to the division.

Activities include:

- investigating marketplace issues and assessing alternative responses to them;
- coordinating the development of legislation as requested and other responses to marketplace problems;
- assessing the need for new or amended legislation;
- reviewing legislation and programs of other jurisdictions;
- data collection and analysis;
- liaising with consumer oriented groups, representatives of the business sector, and government officials; and
- coordinating development of the division's Business Plan.

In 2002/2003, Research and Planning and the Residential Tenancies Branch reviewed Manitoba's life lease legislation. This legislation includes The Life Leases Act and regulations and the Residential Tenancies Act. In reviewing the legislation, staff consulted with life lease tenants and landlords as well as developers, lenders, trustees, lawyers and consumer groups. From the review, it appears that the life lease legislation is generally working well.

Research and Planning and the Consumers' Bureau participated in an interdepartmental group that reviewed the federal Personal Information Protection and Electronic Documents Act (PIPEDA). The group was led by the Assistant Deputy Minister of Consumer and Corporate Affairs and included Manitoba Culture Heritage and Tourism and Manitoba Health. PIPEDA requires businesses and other organizations to obtain the consent of consumers before collecting, using or disclosing consumers' personal information. The Act also requires organizations to take several other steps regarding personal information such as protecting it from loss or theft and allowing consumers to correct inaccurate details. Organizations currently subject to PIPEDA include, for example, federally regulated airlines, banks and other businesses. As of January 2004, the federal legislation will apply to all organizations that collect, use or disclose personal information in the course of commercial activity including organizations under provincial jurisdiction.

During the year, Research and Planning participated in three other interdepartmental groups. One of these, the Qualification Recognition Initiative was led by Labour and identified ways of improving the process for recognizing occupational qualifications of immigrants. The second group was coordinated by Education. It identified youth oriented programs in the Manitoba Government and developed a web site providing information on these programs. The third group was led by Industry Canada and developed a federal web site linking information on federal and provincial services provided to businesses.

Throughout 2002/2003, Research and Planning provided senior management with information requested on a wide range of topics such as: the Canadian Motor Vehicle Arbitration Plan (CAMVAP); vacancy rates in rental housing; housing starts; food irradiation; car dealer legislation in Ontario; franchising legislation; levies on recorded music, house inspectors; and rent regulation in other Provinces.

05 1 (d) Research and Planning

Expenditures by Sub-Appropriation	Actual 2002-2003 $(000s)	Estimate 2002-2003 FTEs	Estimate 2002-2003 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	170.4		179.8	(9.4)	
Other Expenditures	43.8		48.2	(4.4)	
Total Sub-Appropriation	**214.2**		**228.0**	**(13.8)**	

CONSUMER AFFAIRS DIVISION

Consumers' Bureau

The Consumers' Bureau provides programs in support of Manitoba consumers and businesses, and:

- Administers the statutes that are the responsibility of the Bureau.
- Licences/registers/grants certifications or authorizations to vendors and individual sellers engaged in direct selling; collection agencies and collectors; hearing aid dealers; charities fundraising in Manitoba; and manufacturers or renovators of stuffed articles.
- Provides a medium for the mediation and investigation of consumer complaints.
- Takes action as appropriate concerning prosecution of offenders under the statutes administered.
- Identifies problems and issues in the marketplace and makes recommendations to amend legislation under its mandate as required.
- Informs and educates consumers, businesses, service groups, consumer groups and student organizations regarding their rights and responsibilities as well as potential risks in the marketplace.
- Consults with other departments, agencies and organizations in Manitoba, Canada and internationally on current issues.

The Consumers' Bureau administers the following statutes:

- *The Business Practices Act*
- *The Consumer Protection Act*
- *The Personal Investigations Act*
- The Bedding, Upholstered and Stuffed Articles Regulation of *The Public Health Act*
- *The Charities Endorsement Act*
- *The Hearing Aid Act*
- Part III of *The Mortgage Act* (Reverse Mortgages)

In the administration of the statutes stated above, the Bureau operates in five main areas:

- Dispute resolution/mediation
- Licensing and registration
- Special investigations
- Information/education
- Administration/legislative review

While each program represents a group of activities with a common objective, all staff are involved in all areas. As an example, everyone provides information/education to clients. Similarly, all staff offer input and effort resulting in recommendations to make changes to legislation.

Dispute Resolution/Mediation

The dispute resolution/mediation program provides an important tool in monitoring the marketplace. Problems are often reported to the Consumers' Bureau in the form of complaints or inquiries. In response, the Bureau mediates complaints involving retail transactions of goods or services, financing contracts, collection practices, advertising, and credit reporting.

Dispute resolution/mediation officers consider the rights and responsibilities of both sides of transactions, as well as relevant legislation, when attempting to bring parties to an agreement. Dispute resolution/mediation may include Bureau assistance to consumers and businesses in making claims against the bonds of licensed vendors or collection agents. This may arise after a business failure or in situations where vendors or collection agents do not comply with the requirements of *The Consumer Protection Act.*

In addition to legislation administered by the Bureau, officers must have knowledge of other statutes such as *The Garage Keepers Act, The Builders' Liens Act, The Repair Shops Act* and *The Sale of Goods Act*, that may be used in the dispute resolution/mediation process.

In 2002/2003, the Consumers' Bureau handled 35,802 telephone and e-mail inquiries from consumers and businesses requesting assistance. Disputes are often resolved over the phone or through e-mail by staff without necessitating a formal written complaint be submitted to the Bureau. During the same period, 1,825 people came to the Bureau in person to request assistance or to initiate a formal complaint.

The number of complaints registered with the Bureau varies from year to year. In 2002/2003, 1,669* written complaints were handled. Automotive and home improvement complaints registered the highest numbers during 2002/2003. The Consumers' Bureau obtained cash settlements or adjustments for consumers totaling $371,932.78, an increase of approximately $22,000.00 over last year. The Consumers' Bureau has a good record of success in resolving disputes and strives to maintain a high standard through fair and accurate application of knowledge of contracts, relevant legislation and skill in conflict resolution.

Consumer Services Officers handling complaints may identify breaches of consumer protection statutes such as unfair business practices in consumer transactions or misleading advertising. Through the dispute resolution/mediation process, it is usually possible to bring a business into compliance with legislation.

When compliance with statutes is not obtained, or where frequent statutory breaches have been identified, referral is made to the special investigation process of the Bureau.

* This total includes 209 complaint files carried over from 2001/2002.

ANALYSIS OF COMPLAINTS

COMPLAINT TYPE	2002/2003	2001/2002
AUTOMOTIVE	264	316
HOME IMPROVEMENTS	241	215
FINANCIAL	232	208
PERSONAL EFFECTS AND SERVICES		
Hardware and Software	110	128
Personal Services	77	79
Personal Effects	39	32
Mover/Storage	16	27
Personal Improvement	54	24
Other	0	62
HOME FURNISHINGS AND ACCESSORIES		
Home Furnishings and Accessories	111	78
Home Entertainment	13	23
Other [1]	33	11
MAIL ORDER AND SUBSCRIPTIONS	74	78
TRAVEL	25	56
OTHER		
Telemarketing	1	49
Charities	37	26
Utilities	0	13
Other [2]	342	190
TOTAL	1,669	1,615

1. Includes: Professional services, jewelry, dry cleaners, photography, musical instruments/lessons, restaurants, schools.
2. Includes: Food and drink, entertainment, coupon books, lotteries, prizes, hobby products, towing companies, parking facilities, mobile homes and residential dwellings. The category this year also includes 217 complaints/inquiries regarding the email "Nigerian Scam" and 34 complaints/inquiries against a coupon seller.

Licensing and Registration

The Consumer Protection Act regulates vendors and direct sellers, collection agents and collectors through licensing and bonding requirements. Under *The Consumer Protection Act*, consumers who enter into contracts as a result of a direct sale have a 10-day cancellation right. There are other cancellation rights of up to one year provided to consumers where vendors have not complied with certain requirements specified in the Act.

Bonds are required under the licensing requirements of the Act for vendors engaged in direct sales and collection agencies. Where companies fail or refuse to honour obligations to consumers, the bonds provide fair and effective recourse. A total of $3,672.60 was paid out of bond proceeds in 2002/2003. The surety bond of a collection agent was forfeited in 2002/2003 for failure to remit funds to clients after receiving payment from debtors.

The Consumers' Bureau administers the Bedding, Upholstered and Stuffed Articles (BUSA) Regulation of *The Public Health Act*. BUSA registrations have steadily increased from 888 in 1997/1998 to 1,386 in 2002/2003.

As well, the Consumers' Bureau authorizes charities to solicit funds for charitable purposes under *The Charities Endorsement Act* of Manitoba and certifies hearing aid dealers under *The Hearing Aid Act*.

Licences, Registrations and Authorizations

TYPE	2002/2003	2001/2002
Collection Agent	74	74
Vendors	200	213
Direct Seller	1,500	1,656
Hearing Aid Dealers	44	44
Bedding & Upholstery	1,386	1,233
Collectors	2,548	1,889
Charities Authorized	214	189
TOTAL:	**5,966**	**5,298**

Special Investigations

A level playing field in the marketplace for consumers and businesses is a goal of the Bureau. The Consumers' Bureau is often successful in obtaining voluntary compliance with its statutes through dispute resolution/mediation. There are instances where investigations of breaches of the various acts are necessary. Following investigation, some matters are referred to the Justice Department for prosecution or other court action as appropriate. The Crown may also seek redress in court for consumers who have been victimized. As alternatives to prosecution, investigations may result in obtaining assurance of voluntary compliance, orders to freeze assets, or injunctions prohibiting certain actions.

In 2002/2003, a total of six charges were laid against individuals and companies for breaches of consumer protection statutes. This included three charges of committing an unfair business practice under subsection 33(1) of *The Business Practices Act* and three charges of direct selling without a licence under section 75 of *The Consumer Protection Act*.

Charges dealt with, which included some from previous years, resulted in six guilty pleas. A number of the charges dealt with are still before the courts awaiting sentencing and payment of restitution for consumers.

One individual who pled guilty in 2001/2002 to charges under subsections 75(1) of *The Consumer Protection Act* and 33(1) of *The Business Practices Act* was sentenced in 2002/2003 to six months in jail and ordered to pay restitution of approximately $1,000.00.

The Special Investigations unit maintains a close working relationship with departments and agencies of all three levels of government. As well, investigations benefit from the ongoing support and exchange of information with Industry Canada, the Winnipeg Police Service, Brandon Police Department, RCMP and Project Phonebusters. The Consumers' Bureau was instrumental in 2002/2003 in identifying a number of possible offenses to other enforcement authorities, which resulted in charges under the *Criminal Code* and investigations under the *Competition Act*.

By effective investigations of breaches of statutes and prompt application to the court, the Bureau protects consumers from unfair business practices and ensures a healthier marketplace for businesses to compete fairly.

In 2002/2003, continued participation by federal, provincial and territorial consumer protection authorities in the electronic sharing of information through the Canshare database resulting in the early identification of a variety of "scams".

Information/Education

The overall goal of this program is to help create more of a balance between the interests of consumers and businesses by educating Manitobans to improve their marketplace skills.

In 2002/2003, the Volunteer Program Manager and volunteers reached approximately 425 individuals through presentations and workshops to various groups, including seniors groups, youth groups and aboriginal groups.

Three seniors groups participated in workshops called "Senior Power: Protect Yourself", which helps senior consumers recognize and prevent consumer fraud as well as assert themselves as consumers. In addition, nine groups, including several youth groups were given workshops on the topic of credit.

The Volunteer Program Manager continued to assist new Canadians through the Red River College Language Training Institute, presenting 10 "Consumer Power" workshops, providing information about direct sellers, how to make an effective consumer complaint, general consumer information and how to get help for consumer problems.

The Volunteer Program Manager had a display at the Dauphin Shopping Mall as part of the "Salute to Seniors Day" providing information to approximately 75 individuals. In addition, the Volunteer Program Manager and the Manager of Complaint Mediation staffed a display at the North End Women's Centre and information and advice was given to approximately 40 women.

Consumers' Bureau staff provided 17 presentations to a total of 295 Manitobans. Presentations were made at two information sessions organized by the Consumers' Association of Canada and the Manitoba Society of Seniors Inc., at a meeting of the Life Members Association Councils of Women of Manitoba, at Gabrielle Roy Collegiate in Ile Des Chenes, at a meeting of the Winnipeg PC User Group, at the University of Manitoba (Department of Family Studies) and at a meeting of the Seniors Archives Group (Canadian German Club). A presentation was also given to the Professional Credit & Financial Group and a number of presentations were made to Community Legal Education Association groups.

In 2000/2001 the Consumers' Bureau initiated an Aboriginal Outreach Program. In 2002/2003 presentations were made at the Dauphin Friendship Centre, the Indian & Metis Friendship Centre of Winnipeg, Inc., the Path Resource Center, the Long Plain First Nation and the Indian Family Centre. In addition, volunteers provided workshops to aboriginal groups with the Bureau's volunteer program. Two staff members also attended the Northern Association of Community Councils Annual General Conference and Trade Show where over 100 delegates from aboriginal communities attended. At the conference a number of important contacts were made with other agencies and leaders of aboriginal communities. A substantial increase in the number of aboriginal clients, as a result of the Program, has been noted.

The Director of the Consumers' Bureau participated in a Voluntary Sector Workshop and represented the Consumers' Bureau in a panel discussion on fundraising requirements for the Association of Fundraising Professionals.

On September 3, 2002 ten Consumers' Bureau staff and three volunteers from the Bureau's volunteer program participated in a special project called "Hang Up on Fraud". The project was led by the RCMP, but was a collaboration of many enforcement agencies committed to the prevention of telephone fraud. In over 1200 contacts, positive results were received from recipients of the calls.

At the request of a number of consumer and seniors groups, the Consumers' Bureau developed an information sheet on the topic of reverse mortgages. Copies were provided to several seniors and consumer groups and copies are available from the Bureau.

The Consumers' Bureau, in partnership with the Seniors' Directorate, RCMP, Winnipeg Police Service, Industry Canada's Competition Bureau, Manitoba Public Insurance, Residential Tenancies Branch, Vital Statistics and the Securities Commission, completed a consumer tips calendar for distribution to consumers. The calendar was launched on October 10, 2002 by the Minister of Finance at the Selkirk Avenue Age and Opportunity Centre. It features a different consumer topic each month and provides tips and information on a variety of subjects, including investing, home renovations, telephone scams, vehicle buying, leasing and repairs, personal identity protection and landlord and tenant responsibilities. The calendar was distributed to various seniors' organizations and consumer groups as well as individual consumers.

Development of information tools targeting 18 to 30 year olds has continued through 2002/2003. Draft modules on the topics of dealing with credit, housing, vehicles, money management and shopping for satisfaction, have been completed. The information will be available in hard copy and on CD. It is anticipated that the tools will be available for use by the Fall of 2003.

The Consumers' Bureau regularly receives calls from the media about specific consumer problems or marketplace issues. In 2002/2003, a total of 9 inquiries were received from the media. Senior Bureau staff participate in television, radio and print interviews in response to media inquiries and utilize these opportunities to communicate information to consumers and businesses about their rights and responsibilities.

News releases continued to be used as a proactive measure. In 2002/2003 12 news releases on renovation and flood damage contracting, new reverse mortgage legislation, telephone scams, proposed changes to *The Consumer Protection Act*, holiday shopping, purchasing travel services, charitable contributions, a new complaint management guide and an announcement of the consumer tips calendar, contained timely information about certain problems being encountered in the marketplace. They informed consumers and businesses of their rights and responsibilities and offered information on steps to take to prevent problems.

Contacts are maintained and issues discussed by Bureau staff with the Better Business Bureau, the Direct Sellers Association, the Consumers Association of Canada, the Manitoba Motor Dealers Association, the Association of Fundraising Professionals, various municipal, provincial and federal government organizations and law enforcement authorities.

Administration/Legislative Review

The administration/legislative review program effectively manages the internal operation of the Consumers' Bureau, including the management of financial and human resources within the branch. All staff participate in the business planning, policy reviews and legislative reviews of the Acts administered.

A committee of Bureau staff was formed to review *The Consumer Protection Act* with a view to modernizing it and revising it in keeping with the Federal/Provincial/Territorial Ministers' commitment for cost of credit and collection practices harmonizations.

Bureau staff along with a legislative draftsman carried out considerable reviewing and redrafting provisions of *The Consumer Protection Act*. Bill 12, to amend the Act was introduced in April 2002. It received 1st and 2nd reading in the Legislature. However, a decision was made not to proceed further with Bill 12 until further consultation with Manitobans is done.

Amendments to *The Mortgage Act* received Royal Assent on July 6, 2001 to provide protection for consumers by requiring that detailed information be disclosed to consumers about the costs and conditions of reverse mortgages. The Act requires that the borrower give the information to the consumer at least seven days prior to them signing the mortgage. The Act amendments and regulation, including a disclosure form, came into force on June 1, 2002. Extensive consultation was done with various organizations and lenders in the development of the disclosure form. The Consumers' Bureau has been given the responsibility of administering these provisions.

Bill 25, *The Hearing Aid Amendments Act* was introduced to the Legislature in 2002/2003 and was passed. Two new members were appointed to the Hearing Aid Board as a result of amendments to the Act.

A meeting was held with interested organizations and other Manitoba stakeholders in March 2003 to discuss issues relating to the alternative consumer credit market that includes cheque cashers and payday lenders. The Consumers' Bureau is participating on a national working group committee, made up of representatives from the federal government and all provinces and territories. The committee is researching and developing options for consideration to address the alternative consumer credit market.

On November 15, 2002 more than 30 representatives from Industry Canada, provinces and territories participated in a meeting of Deputy Ministers responsible for consumer affairs. The meeting was hosted by Manitoba. It is anticipated that Manitoba will host a meeting of Federal/Provincial/Territorial Ministers responsible for consumer affairs in the Fall of 2003.

In 2002/2003 the Bureau's Client Services Committee developed an in-office client survey form. Results of the survey have provided very positive evaluations regarding service received from Bureau staff. In addition, the Bureau forwarded close to 200 in-depth survey forms to clients. The information obtained from the surveys will be analyzed and used to assist the Bureau in better serving our clients.

05 2 (a) Consumer's Bureau

Expenditures by Sub-Appropriation	Actual 2002-2003 $(000s)	Estimate 2002-2003 FTEs	Estimate 2002-2003 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	930.2		932.9	(2.7)	
Other Expenditures	221.4		250.6	(29.2)	
Total Sub-Appropriation	**1,151.6**		**1,183.5**	**(31.9)**	

05 2 (e) Grants

Expenditures by Sub-Appropriation	Actual 2002-2003 $(000s)	Estimate 2002-2003 FTEs	Estimate 2002-2003 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Grants	90.7		88.7	2.0	
Total Sub-Appropriation	**90.7**		**88.7**	**2.0**	

RESIDENTIAL TENANCIES BRANCH

The Residential Tenancies Branch administers:

- *The Residential Tenancies Act*
- *The Life Leases Act*
- *The Condominium Act*

The Residential Tenancies Branch:

- provides information to landlords, tenants and others on *The Residential Tenancies Act, The Life Leases Act and The Condominium Act*;
- investigates complaints of non-compliance with the legislation;
- mediates disputes between landlords and tenants;
- makes decisions on disputes between landlords and tenants about:
  - security deposits
  - repairs
  - terms and conditions of a tenancy agreement or life lease
  - the right to continue in occupancy, including termination for non-payment of rent and noise and disturbance
  - claims for compensation
  - privacy
  - non payment of utilities
  - life lease entrance fees
- makes decisions on landlords' applications for rent increases above the guideline and tenants' objections to any rent increases.

Information/Education

Telephone Calls/Interviews

In 2002, the branch introduced an Interactive Voice Response System (IVR). Callers to the branch's Winnipeg office now have the option of:

- speaking to a Client Service Representative
- listening to recorded information segments about rent increases, security deposits, landlord and tenant responsibilities and repairs
- having fact sheet information automatically faxed to them
- calculating the interest payable on a security deposit
- listening to recorded information on the branch's location and hours of business.

The IVR system handled 72,770 phone calls in the 2002/2003 fiscal year; approximately 47,000 of the callers chose to speak to a Client Service Representative. Staff in Brandon and Thompson answered an additional 6, 607 calls from clients. These figures do not include calls on specific files. During the fiscal year, 8,855 people came to Branch offices to request information or to file a formal complaint.

Web Site

The Residential Tenancies Branch's web site @ www.residentialtenancies.mb.ca provides answers to several frequently asked questions. The information is available in English and French. Landlords and tenants can download the most commonly used residential tenancy forms. The web site also has an automated security deposit interest calculation feature. The web site includes the branch's Policies & Procedures Guidebook and links to *The Residential Tenancies Act* and *The Life Leases Act*. The web site had 436,504 hits from April 1, 2002 to March 31, 2003.

Rent Status

Anyone who is considering the purchase of a rental property can apply to The Residential Tenancies Branch for a rent status report. A rent status report provides information on a property's rent history and can alert people to potential rent increase problems. The application form and the authorization form can be downloaded from the web site. In 2002/2003, the branch received and processed 178 applications for Rent Status Reports. These applications involved 3,245 rental units.

Orders System

The Residential Tenancies' Orders System is also available on line. The Orders System provides information on the orders the branch issues. Clients can access the system by:

- paying an annual subscription fee and receiving a password; or
- paying a fee to search on line at the branch.

Users can search the system by landlord or tenant name or by the address of a residential complex. In 2002/2003, the branch received 20,087 hits to the Orders System.

Policies & Procedures Guidebook

The branch has a Policies & Procedures Guidebook, available in both English and French, to assist landlords, tenants and staff. The guidebook provides guidance on those areas not specifically dealt with in *The Residential Tenancies Act*. It also sets out the procedures for how the branch handles most of the issues landlords and tenants refer to the branch. The guidebook has 14 sections on topics like: security deposits, rent regulation, mediation, hearings and repairs. The branch provided copies of the guidebook to various landlord and tenant organizations and to the residential tenancy offices in other provinces. Copies of the guidebook were also distributed to all major libraries in the province as well as to our universities and colleges. The guidebook is available on the branch's web site.

The guidebook has been undergoing a complete review and updating. The branch has expanded existing subsections and added some new material. The branch is also rewriting the procedures to reflect the "soon-to-be" reengineered processes of the branch.

Speaking Engagements

In 2002/2003, staff of the Residential Tenancies Branch gave 32 presentations to 186 tenant participants and 176 landlord participants. The branch did eight presentations for student groups; these sessions involved 133 participants. The branch also participated in the Manitoba Bar Association's Law Day Open House.

PARTS 1 - 8 OF *THE RESIDENTIAL TENANCIES ACT*

CASE LOAD

Category	2002/2003	2001/2002
Life Leases	20	9
Security Deposits	898	955
Claims (1)	1,413	1,430
Repairs	737	888
Notices to Vacate	438	401
Non-payment of Utilities	227	273
Tenancy Agreements	109	119
Failure of Landlord/Tenant to Meet Obligations (2)	372	479
Orders of Possession	1,914	1,766
Others (3)	509	461
Files Opened (4)	6,637	6,781
Files Closed (4)	6,824 (5)	6,588

(1) The claims category involves cases mediated or heard by the branch. These cases include claims for compensation filed by landlords against tenants and tenants against landlords.
(2) This category includes disputes over locks and doors, privacy, seizure of tenant's property, non-payment of rent, disturbance, withholding of services, unauthorized charges or fees.
(3) This category includes disputes involving assignment and subletting, mobile homes, entitlement to collectrent, change of landlord and abandonment of rental unit.
(4) This total includes Winnipeg, Brandon and Thompson offices, but does not include rent regulation files.
(5) This figure includes files carried over from 2001/2002 and closed during 2002/2003.

PART 9 OF *THE RESIDENTIAL TENANCIES ACT*

Rent Regulation (1)

Case Load Category	2002/2003	2001/2002
Landlord Application for Rent Increase Above the Guideline (2)	275	505
Application for Laundry Increase	7	53
Application for Approval of a Rehabilitation Scheme (3)	17	9
Application for Tenant Requested Improvement	31	52
Application for Withdrawal of Service	12	31
Rent Increase for New Tenants–S.132	9	14
Tenant Objection to Guideline, or less, Rent Increase	142	100
Unauthorized Rent Increases	443	426
Files Opened (4)	936	1,190
Files Closed (4)	842	1,218 (5)

(1) The figures shown here may differ from those in the annual report on the administration of The Residential Tenancies Act. This difference results from using figures based on the calendar year vs. the fiscal year.
(2) The rent increase guideline for 2001 was 1.5%, for 2002 was 2.0% and 1% for 2003.
(3) Two of these applications were for residential complexes in Thompson.
(4) This total includes Winnipeg, Brandon and Thompson offices.
(5) This figure includes files carried over from 2000/2001 and closed during 2001/2002.

Performance Measurement

The Residential Tenancies Branch has performance targets for processing cases that go to a hearing. The target for issuing decisions on orders of possession is within three working days of the hearing date. During the 2002/2003 fiscal year, the branch's average time for issuing decisions on orders of possession was two working days.

The performance target for issuing claim decisions is within ten working days of the hearing date. During the 2002/2003 fiscal year, the branch's average time for issuing decisions on claims was approximately 17 working days. It took longer to issue some decisions because:

- some hearing officers were participating in the branch's reengineering project in addition to their hearing officer duties; this resulted in delays in issuing decisions for the hearings they took and also increased the workload for the remaining officers;
- the branch experienced staff turnover in the Mediation/Adjudication Unit; new staff had to be trained for hearing officer duties and it took some time for them to reach capacity; and
- many claims were more complex and lengthier in nature, resulting in longer hearings and longer time to write the decisions;

The branch also has performance targets for issuing decisions on applications for rent increase above the guideline. The target is to issue a decision within 90 days or three months of the date the branch receives the application. In 2002/2003, the branch received 275 applications for rent increase above the guideline. These applications covered 15,389 rental units. In the previous fiscal year the branch received 505 applications representing 24,100 rental units. The branch was able to achieve its processing target for 50% of the applications processed in 2002/2003. An additional 26% of the applications were processed within 4 months of receipt of the application. The one-month delay was due to the large volume of rent increase applications with an effective date of October 1st. The delays in processing the remaining applications were due to:

- the need to review and adjust existing rents before processing the increases on those rents;
- delays in receiving pertinent information from some landlords.

Safety Net Program

The Safety Net Program's main purpose is to help people with special needs that are being evicted. These include the mentally and physically handicapped, the elderly and infirm, single parents or families with children. The safety net may also be used when the Health Department placards a building or there is some other unsafe living condition.

When the branch issues an order of possession, a safety net officer reviews the file. If the officer believes the tenant has special needs, the officer contacts the tenants to make sure they understand the order of possession and that they know where to go to for assistance. In some cases, the officer might contact an appropriate social services agency. For example, if the tenant is a single parent on social assistance, the safety net officer might contact the tenant's worker to let them know what's happening and to make sure the tenant will receive moving expenses and temporary accommodation, if necessary.

The safety net officer has contacts with Employment and Income Assistance, mental health workers, the City of Winnipeg and Provincial Health Departments, the City of Winnipeg Police Department's Community Relations and Community Credit Counselling Services.

05 2 (b) Residential Tenancies Branch

Expenditures by Sub-Appropriation	Actual 2002-2003	Estimate 2002-2003		Variance Over/(Under)	Expl. No.
	$(000s)	FTEs	$(000s)	$(000s)	
Salaries and Employee Benefits	2,610.7		2,770.7	(160.0)	
Other Expenditures	706.4		706.7	(0.3)	
Total Sub-Appropriation	**3,317.1**		**3,477.4**	**(160.3)**	

AUTOMOBILE INJURY COMPENSATION APPEALS COMMISSION

General

The Automobile Injury Compensation Appeal Commission ('the Commission') is a specialist tribunal, established to deal with appeals arising with respect to claims under the Personal Injury Protection Plan (PIPP) of Manitoba Public Insurance Corporation ('MPIC'), more commonly known as the 'no-fault insurance program.'

The Commission was established under The Manitoba Public Insurance Corporation Act ('the Act'), which, amongst other things, outlines the powers and responsibilities of the Commission regarding the processing of appeals.

2002/2003 was the ninth full year of the operations of the Commission which now has a complement of sixteen persons: two full-time commissioners, ten part-time commissioners, a director, an appeals officer, the secretary to the chief commissioner and an administrative assistant. 164 individuals filed appeals with the Commission respecting 197 MPIC decisions for the 2002/2003 fiscal year. This compares with 135 individuals filing appeals respecting 147 MPIC decisions in the 2001/2002 fiscal year. Most of the appeals heard during the 2002/2003 fiscal year relate to injuries sustained in prior years - some as early as 1994. As each year passes the resultant files, in many cases, increase in volume and time spent to review. This is due, in part, to the fact that, when injuries are of a comparatively serious nature and the insurer's initial liability is not disputed, a claimant may be in receipt of income replacement, medical treatment or other coverage from MPIC for an extended period; in such cases, it is only when MPIC decides to terminate benefits that the appeal process is sometimes initiated.

The Appeal Process

Prior to filing an appeal with the Commission, claimants who have sustained a personal injury caused by an automobile accident and who feel themselves aggrieved by a decision of MPIC must have that decision reviewed by the Corporation's Internal Review Officer. Claimants have 60 days to ask for a review.

The Internal Review Officer gives his or her decision in writing, with the reasons for that decision. A claimant who is still dissatisfied may then file a Notice of Appeal with the Commission within 90 days of the review decision. Rights of appeal are explained to the claimant in writing at each step in the processing of a claim.

The Commission can extend the deadline for filing appeals. Claimants who have furnished persuasive reasons for missing the 90-day deadline have been granted extensions. The Commission will continue to consider reasonable requests.

Once a Notice of Appeal has been filed with the Commission, the appellant's complete file is obtained from MPIC. Commission staff review the file and, based on the issue(s) under appeal, create an index of all relevant contents. A copy of the indexed material is provided to both parties. A date is then set for the hearing of that appeal. The Commission makes every effort to hold a hearing with a minimum of delay while, at the same time, attempting to accommodate the appellant and MPIC. So as to avoid last minute adjournments, the Commission's practice is to set hearing dates only when both parties can confirm that they do not anticipate producing any further medical or other written reports.

A panel of three commissioners, who comprise the quorum prescribed by the Act, hears appeals. 118 hearings were held in the 2002/2003 fiscal year compared with 74 hearings held in 2001/2002. Hearings are informal, with the majority of appellants acting without legal representation. The Commission is not bound by the rules of evidence followed by the courts. On occasion, where an appellant lives or works some distance out of Winnipeg, the commissioners have, with the prior approval of the parties, conducted a hearing by teleconference, using a 'speaker-phone' in the hearing room to enable complete communication between all interested persons; this procedure is useful in particular when few, if any, of the relevant facts are in dispute and it is therefore unnecessary for the panel to weigh evidence and determine credibility. The teleconference call has the added virtue of saving the expense of either bringing the appellant in to the city (sometimes from long distances) or having the entire panel travel to the area where the appellant lives. If, in the course of a telephone hearing, it becomes apparent that the Commission needs actually to see one or more witnesses, the matter will be adjourned for that purpose.

Appellants and MPIC may bring forward new evidence, either written or in the form of oral testimony, to be used at the hearing, in which event they are required to disclose it to the other side in reasonable time prior to the hearing. The commissioners weigh the evidence and the arguments of both the appellant and MPIC in arriving at each decision.

After the hearing, the Commission issues its decision, which, according to the Act may:

(a) confirm, vary or rescind MPIC's review decision; or
(b) make any decision that MPIC could have made.

Decisions, accompanied by the reasons for those decisions, are normally sent to the appellant and to MPIC in writing. A delay in issuing decisions may occur when the commissioners find it necessary to seek further, independent, expert evidence, in which case that evidence is promptly shared with both parties, who are given an opportunity to respond to it before the Commission's decision is finalised.

All of the Commission's reasons for its decisions (other than those that merely adopt the reasons of MPIC's Internal Review Officer) are available through QuickLaw, which is a Canadian company that maintains an electronic database of decisions rendered by courts and tribunals across the country. They are available on a commercial basis. This service should be of particular value to claimants, or representatives who appear

at the Commission's hearings.

The Commission's decision is binding, subject only to a right of appeal to the Manitoba Court of Appeal on a point of law or a question of jurisdiction, and then only with prior leave from that court. There were seven applications for leave to appeal in the 2002/2003 year. The Court of Appeal denied Leave to Appeal for five of the applications and granted two. On hearing the appeal, the court dismissed one of the cases. The other is still pending. Only five applications for leave to appeal to the court have been successful over the Commission's nine years of operation.

Approximately 35% of appeals heard during the year succeeded in whole or in part.

05 2 (c) Automobile Injury Compensation Appeals Commission

Expenditures by Sub-Appropriation	Actual 2002-2003	Estimate 2002-2003		Variance Over/(Under)	Expl. No.
	$(000s)	FTEs	$(000s)	$(000s)	
Salaries and Employee Benefits	467.3		465.4	1.9	
Other Expenditures	117.3		122.9	(5.6)	
Total Sub-Appropriation	**584.6**		**588.3**	**(3.7)**	

The Residential Tenancies Commission

The Residential Tenancies Commission is a quasi-judicial, specialist tribunal which hears appeals from decisions and orders of the Director under *The Residential Tenancies Act.*

The Commission consists of:

(1) The Chief Commissioner - a full-time position; appointed for a five-year term, located in Winnipeg.

(2) Deputy Commissioners – ten part-time positions; may exercise the powers and perform the duties of the Chief Commissioner; appointed for a two-year term; from Winnipeg, Morden, Brandon and Thompson.

(3) Panel members - approximately thirty-three panel members - half representing the views of the landlords, the others the views of the tenants; from Winnipeg, The Pas, Thompson and Brandon.

Hearings are before a panel of three: one landlord representative, one tenant representative and a neutral commissioner, either the Chief Commissioner or one of the deputies.

Hearings are chaired by the neutral commissioner; the neutral commissioner also casts the deciding vote if there is a tie.

Hearings outside of Winnipeg are held at the nearest judicial district.

Commission decisions are appealable to the Court of Appeal, but only on a question of error in law or jurisdiction. A Court of Appeal judge must grant leave or permission to appeal. Section 179 of *The Residential Tenancies Act* states, however, that no appeal lies from a decision or order of the Commission made in a matter arising under Part 9, the section dealing with rent regulation. The Commission's decision here is final.

ACTIVITY SUMMARY April 1, 2002 – March 31, 2003		
Activity:		
	Received	**Processed**
Abandonment	1	1
Claims	143	142
Notice	5	5
Mutual Obligation	0	0
Landlord Obligation	1	0
Order of Possession	102	112
Rent Regulation	119	187
Repairs	11	10
Security Deposit	101	97
Tenancy Agreement	2	3
Tenant Obligation	-	-
Utilities	16	15
TOTAL:	**501**	**572**
Appeals:		
Landlord initiated		223
Tenant initiated		270
Dual initiated		8
TOTAL:		**501**

ACTIVITY SUMMARY April 1, 2002 – March 31, 2003		
Activity:	**Received**	**Processed**
Decisions:		
Orders confirmed		229
Orders varied		178
Orders rescinded		14
Orders withdrawn		130
Orders rejected		8
Orders cancelled		2
Orders pending		9
Motion to extend time in process		2
Motion to extend time denied		1
		573
Court of Appeal:		
Applications for Leave to Appeal		19
Winnipeg Appeal Hearings:		394
Other Appeal Hearings:		
Beausejour		1
Brandon		18
Dauphin		2
Fin Flon		3
Morden		2
Portage la Prairie		3
Selkirk		5
Steinbach		1
The Pas		2
Thompson		6
Virden		1
Total Winnipeg and Other Appeal Hearings:		**438**

ACTIVITY SUMMARY April 1, 2002 – March 31, 2003		
Activity:	**Received**	**Processed**
Court of Appeal:		
Applications for Leave to Appeal		19
Denied		16
Pending		2
Granted		0
New Commission Hearing to be held		0
Adjourned Sine Die		1
Withdrawn		1
Settled		2
Court of Appeal Hearings		
Pending		0

05 2 (d) Residential Tenancies Commission

Expenditures by Sub-Appropriation	Actual 2002-2003 $(000s)	Estimate 2002-2003 FTEs	Estimate 2002-2003 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	467.1	4.50	448.2	18.9	
Other Expenditures	94.3		109.3	(15.0)	
Total Sub-Appropriation	**561.4**	**4.50**	**557.5**	**3.9**	

CORPORATE AFFAIRS DIVISION

Financial Institutions Regulation Branch

The Financial Institutions Regulation Branch has been in existence since April 2000 resulting from the amalgamation of the Insurance and Trust, Cooperatives and Credit Union Regulation branches.

The mandate of the branch is:

- to protect consumers of insurance companies, trust and loan corporations, and of credit unions and caisses populaires by monitoring the solvency of those institutions and ensuring compliance with legislation;
- to protect membership rights in credit unions and caisses populaires by providing a dispute resolution process;
- to assist consumers of insurance and insurance companies through education and mediation; and
- to administer a legal and practical framework within which financial institutions, business and consumers can effectively interact.

The Financial Institutions Regulation Branch administers the following statutes:

- The Cooperatives Act
- The Credit Unions and Caisses Populaires Act
- Part XXIV of The Corporations Act (Trust and Loan Corporations)
- The Insurance Act
- The Insurance Corporations Tax Act, and
- The Marine Insurance Act.

In addition, the tax under the regulations of the Fires Prevention Tax Act is collected on behalf of the Fire Commissioners Office.

To accomplish its mandate the branch engaged in the following activities.

Inquiries

- Answered more than 8000 inquiries of a general nature about financial institutions, financial services and cooperatives.
- Answered questions from financial institutions and cooperatives on the legislative and regulatory requirements in Manitoba.
- Responded to inquiries and complaints from consumers.
- Mediated disputes between consumers and insurance companies and between members and their cooperative, credit union or caisse populaire with 163 complaint files processed.

Monitoring of Financial Institutions

- Assessed the financial performance and operational programs of Credit Union Central of Manitoba and La Fédération des Caisses Populaires du Manitoba Inc.
- Assessed the adequacy of controls for lending and other risks in the credit union and caisses populaires systems.
- Assessed the financial performance and the effectiveness of the programs carried out by The Credit Union Deposit Guarantee Corporation and La Société d'assurance-dépôts des caisses populaires.
- In partnership with the Office of the Superintendent of Financial Institutions Canada, inspected for solvency the 7 Manitoba Incorporated insurers and one Manitoba incorporated trust company.
- Prepared the Annual Report on insurance companies required by The Insurance Act;

- Reviewed the annual returns from 48 federal and extra-provincial trust and loan corporations operating in Manitoba and reviewed areas of concern with the primary regulators from the incorporating jurisdictions.

Licensing and Business Authorizations

- Licensed insurance companies for the transaction of the business of insurance in Manitoba;
- Licensed hail insurance agents, accident and baggage insurance agents and hail adjusters;
- Reviewed and approved 5 amended business authorizations for federal and extra-provincial trust and loan corporations operating in Manitoba.

Incorporation

- Assisted in the incorporation process of new cooperatives, as well as in amending the articles of incorporation and by-laws of cooperatives;
- Assisted in the amending of the articles and by-laws of credit unions and caisses populaires;
- Developed information kits and model bylaws for different types of cooperatives.

Other

- Monitored the regulatory activities of the Insurance Council of Manitoba. The Insurance Council of Manitoba has delegated responsibility for setting entry level standards, examinations and licensing of insurance agents, brokers and adjusters and for reviewing and investigating the conduct of these persons and taking disciplinary action as required;
- Arranged and assisted the Tribunal hearings which hear appeals of terminations of memberships of members of housing cooperatives;
- Maintained a central registry for the orderly filing of all documents required under *The Credit Unions and Caisses Populaires Act* and *The Cooperatives Act;*
- Continued the review of *The Credit Unions and Caisses Populaires Act and Regulations;*
- Continued the consultation to recommend amendments to *The Insurance Act;*
- Collected the premium tax under *The Insurance Corporations Tax Act;* and
- Collected the tax under *The Fires Prevention Act;*
- Collected the premium tax under *The Insurance Corporations Tax Act;* and
- Collected the tax under *The Fires Prevention Act.*

Client Services

Monitored stakeholders satisfaction by surveying each insurance company and one of three consumers that comes into contact with the branch as a result of our mediation role. Our satisfaction rate is 88%.

Trust and Loan Corporations

As at March 31, 2003 there were 48 trust and loan corporations operating in Manitoba. Of that number, one is a Manitoba incorporated trust and loan corporation while the other 47 are federal and extra-provincial trust and loan corporations.

Credit Unions/Caisse Populaires

Following are the consolidated statistics from the credit union and caisse populaires systems operating in Manitoba at December 31:

Credit Unions	2002	2001
Total Assets	$7.4 billion	$6.6 billion
Total Deposits	$6.8 billion	$6.2 billion
Total Loans	$6.0 billion	$5.3 billion
Members	472,000	455,000
No. of credit unions/locations	56/172	61/171

Caisses Populaires	2002	2001
Total Assets	$ 570 million	$ 537 million
Total Deposits	$ 527 million	$ 496 million
Total Loans	$ 475 million	$ 431 million
Members	33,486	32,856
Number of caisses/locations	9/31	9/31

Cooperatives

As at March 31, 2003 there were 370 cooperatives with over 271,000 active members operating in Manitoba categorized as follows:

Housing	56	Farmers Markets	11
Consumer	58	Agriculture/Producer	15
Day-care	46	Cattle Feeders	11
Community Service	23	Employment	12
Utility	46	Fishing	10
Marketing	42	Communications & Transportation	8
Recreational & community clubs	32		
Total = 370			

During 2002/2003, 7 new cooperatives were incorporated or revived while 16 cooperatives dissolved or eliminated through discontinuance.

Insurance

A summary of insurance related activities included:

ACTIVITY REPORT		
DESCRIPTION	**2002/2003**	**2001/2002**
Telephone Enquiries Received	8,218	9,554
Complaint Files Processed	163	139
Public Relations Engagements	4	7
Mediation Inspections	0	0
Press Interviews	0	3
Guest Radio Phone-In Shows	0	0
TOTALS	**8,385**	**9,703**

Summary comparisons of licensing and complaint activities performed by the branch and Insurance Council of Manitoba is as follows:

LICENSING OF INSURANCE COMPANIES		
DESCRIPTION	**2002/2003**	**2001/2002**
Federal	214	219
Provincial	43	43
TOTALS	**257**	**262**

LICENCES ISSUED BY SUPERINTENDENT OF INSURANCE OFFICE		
DESCRIPTION	**2002/2003**	**2001/2002**
Hail Agents	388	318
Accident and Baggage Agents	506	424
Miscellaneous Agents	4	5
Agents Sub-Total	**898**	**747**
Hail Adjusters	22	24
Adjusters Sub-Total	**22**	**24**
Special Brokers Licences	6	6
GRAND TOTAL	**926**	**777**
Agent Licences Cancelled or Denied by Superintendent of Insurance	N/A	N/A

LICENCES ISSUED BY INSURANCE COUNCIL OF MANITOBA		
DESCRIPTION	**2002/2003**	**2001/2002**
Life Agents	2,490	2,378
General Agents	2,346	2,203
Accident & Sickness Agents	1,558	1,408
Automobile Agents	8	6
Agents Total	**6,402**	**5,995**
Adjusters	73	77
Assistant Adjusters	9	7
Adjusters Total	**82**	**84**
GRAND TOTAL	**6,484**	**6,079**

LICENCES CANCELLED, SUSPENDED, REVOKED OR REFUSED BY INSURANCE COUNCIL OF MANITOBA		
DESCRIPTION	**2002/2003**	**2001/2002**
Agent Licences Cancelled	**68	*94
Agent Licences Suspended	10	8
Agent Licences Revoked	2	0
Agent Licences Refused	2	2
Agent Licences Reprimand	0	0
TOTALS	**82**	**104**

** 57 cancelled due to failure to complete level of upgrading, 11 for failure to maintain Errors & Omissions Insurance.

* 72 cancelled due to failure to complete level of upgrading, 22 for failure to maintain Errors & Omissions Insurance.

INSURANCE AGENT AND AJUSTER LICENCING EXAMINATIONS BY INSURANCE COUNCIL OF MANITOBA						
	WRITTEN		**PASSED**		**FAILED**	
	2002/2003	**2001/2002**	**2002/2003**	**2001/2002**	**2002/2003**	**2001/2002**
LIFE	892	791	492	428	400	363
GENERAL	24	30	5	11	19	19
ACCIDENT & SICKNESS	326	306	229	204	97	102
AUTO	0	0	0	0	0	0
Agents Total	**1,242**	**1,127**	**726**	**643**	**516**	**484**
ADJUSTER	6	5	6	2	0	3
Adjusters Total	**6**	**5**	**6**	**2**	**0**	**3**
GRAND TOTAL	**1,248**	**1,132**	**732**	**645**	**516**	**487**

LICENCEES FINED BY INSURANCE COUNCIL OF MANITOBA		
DESCRIPTION	**2002/2003**	**2001/2002**
Fined by Council	8	1
TOTALS	**8**	**1**

ANALYSIS OF COMPLAINTS - PART ONE

	LIFE		ACCIDENT & SICKNESS		ANNUITIES – R.R.S.P.'S		PERSONAL LINES/ TENANTS & HOMEOWNERS		COMMERCIAL LINES	
DESCRIPTION	**2002/2003**	**2001/2002**	**2002/2003**	**2001/2002**	**2002/2003**	**2001/2002**	**2002/2003**	**2001/2002**	**2002/2003**	**2001/2002**
Claims	4	6	34	26	0	0	25	26	2	1
Application Rejected/ Renewal Refused	2	3	2	0	0	0	4	1	3	0
Premium Payments	14	14	5	3	2	0	1	3	1	1
Replacements	0	1	0	0	0	0	0	0	0	0
Claims Tactics	0	0	1	0	0	0	1	0	0	0
Selling Tactics	6	4	3	2	1	1	4	4	1	0
Sales Promotion and Advertising	0	1	0	1	0	0	0	2	0	0
Rebating	0	1	0	0	0	0	0	0	0	0
Undue Influence	0	0	0	0	0	0	0	0	0	0
Miscellaneous	1	0	1	1	0	0	1	1	1	0
Totals	**27**	**30**	**46**	**33**	**3**	**1**	**36**	**37**	**8**	**2**

ANALYSIS OF COMPLAINTS - PART TWO

	HAIL		TRAVEL		FARM		MISCELLANEOUS LINES – LIVESTOCK, BAGGAGE, WARRANTIES, EXTENDED AUTO COVERAGE ETC.	
DESCRIPTION	**2002/2003**	**2001/2002**	**2002/2003**	**2001/2002**	**2002/2003**	**2001/2002**	**2002/2003**	**2001/2002**
Claims	1	0	3	3	0	1	1	4
Application Rejected/ Renewal Refused	0	0	0	0	0	0	0	0
Premium Payments	0	0	0	0	0	0	3	3
Replacements	0	0	0	0	0	0	0	0
Claims Tactics	0	0	0	0	0	0	0	0
Selling Tactics	2	0	0	0	0	0	1	4
Sales Promotion and Advertising	0	0	0	0	0	0	1	0
Rebating	0	0	0	0	0	0	0	0
Undue Influence	0	0	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0	31	21
Totals	**3**	**0**	**3**	**3**	**0**	**1**	**37**	**32**

COMPLAINT STATISTICS – INSURANCE COUNCIL OF MANITOBA		
	2002/2003	2001/2002
Number of Complaints Opened:	120	138
Number of Complaints Dealt with:	*118	142
Number of Complaints Outstanding at March 31:	43	41
NEW COMPLAINTS PER COUNCIL		
ADJUSTERS COUNCIL	7	5
GENERAL COUNCIL	31	30
LIFE COUNCIL	82	103

*There were 41 complaints carried forward.

05 3 (a) Financial Institutions Regulation

Expenditures by Sub-Appropriation	Actual 2002-2003 $(000s)	Estimate 2002-2003 FTEs	Estimate 2002-2003 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	608.0	11.50	697.0	(89.0)	
Other Expenditures	241.6		259.0	(17.4)	
Total Sub-Appropriation	**849.6**	**11.50**	**956.0**	**(106.4)**	

THE PUBLIC UTILITIES BOARD

The Public Utilities Board is an independent quasi-judicial body operating under the authority of the Manitoba Legislature.

The Board is responsible for the regulation of public utilities as defined under The Public Utilities Board Act. These public utilities include:

- Centra Gas Manitoba Inc. - natural gas distribution
- Stittco Utilities Man Ltd. - propane distribution
- Gladstone Austin Natural Gas Co-op Ltd. - natural gas distribution
- Swan Valley Gas Corporation - natural gas distribution
- Water and Sewer Utilities - excluding the City of Winnipeg

In addition to rate regulation of the above noted public utilities, the Board, pursuant to The Gas Pipe Line Act reviews related utilities' operations to ensure that natural gas and propane are distributed to Manitoba consumers in a safe manner.

Several other enactments which assign regulatory or adjudicative responsibilities to the Board are:

- The Greater Winnipeg Gas Distribution Act
- The Gas Allocation Act
- The Prearranged Funeral Services Act
- The Cemeteries Act
- The Manitoba Water Services Board Act (Appeals)
- The Highways Protection Act (Appeals)

With respect to The Crown Corporations Public Review and Accountability and Consequential Amendments Act, the Board is also responsible for rate regulation of compulsory drivers and vehicle insurance premiums charged by Manitoba Public Insurance and the rates charged by Manitoba Hydro.

During the fiscal year, the Board convened 24 Board Meetings, 46 public hearing days and 3 pre-hearing conference days. A total of 219 formal orders were issued which included the following:

Water and Sewer Utilities	68
Natural Gas Utilities & Propane	25
Municipal Gas Appeals	39
Highways Protection Act	3
Manitoba Hydro Act	75
Manitoba Public Insurance	6
The Cemeteries Act	3

With respect to The Prearranged Funeral Services Act, 22 renewal licences and 1 initial licence were licensed to sell for this fiscal year. In addition, there were 15 applications filed for acknowledgement of revisions in prearranged funeral fees for caskets and services. The Board continued to review and monitor the annual reports filed by licensees and their trustees with regard to prearranged funeral plans being sold and contracted funds in trust.

With respect to The Cemeteries Act, the Board issued the following renewal licences for this fiscal year: 11 cemetery, 31 columbariums, 5 mausoleums, and 13 crematoria. Also 83 licences and 1 transfer licence were issued to sales personnel on behalf of, and for, owners of cemeteries. In addition, 22 applications for a revision of fees for spaces, materials and services were authorized.

The Board issued 15 renewal and 4 initial registrations to brokers of natural gas. The Board dealt with a number of public enquiries and had several meetings with brokers and other members of the industry.

The Board supervised the Service Disconnection and Reconnection Policy and Procedures of Centra Gas Manitoba Inc., Gladstone Austin Natural Gas Co-op Ltd., Swan Valley Gas Corporation and Stittco Utilities Man Ltd. In this regard the Board received a number of customer enquiries and complaints and no appeal hearings were required.

05 3 (b) Public Utilities Board

Expenditures by Sub-Appropriation	Actual 2002-2003 $(000s)	Estimate 2002-2003 FTEs	Estimate 2002-2003 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	463.3	8.23	543.6	(80.3)	
Other Expenditures	588.9		713.1	(124.2)	
Total Sub-Appropriation	**1,052.2**	**8.23**	**1,256.7**	**(204.5)**	

Capital Investment

Capital investment is provided in the Estimates of Expenditures under Part B. For the year ended March 31, 2003, the department's capital authority provided for i) the upgrade to the next version of SAP that was subsequently deferred with the announcement of the release of a newer version; and ii) the continued development of the Residential Tenancies Branch (RTB) Re-engineering project. Support for internal reform initiatives involving the use of information technology in the delivery of government's services, including the Better Systems Initiative, are reported separately.

Part B Capital Investment

Expenditures by Sub-Appropriation	Actual 2002-2003 $(000s)	Estimate 2002-2003 FTEs	Estimate 2002-2003 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
B.5 Finance					
Enterprise System	-		820.0	(820.0)	*1*
Consumer and Corporate Affairs	324.1		980.0	(655.9)	*2*
Total Sub-Appropriation	**324.1**		**1,800.0**	**(1,475.9)**	

1. *Under expenditure is due to deferral of the SAP version upgrade.*
2. *Under expenditure is due to delays experienced in progressive development activities related to the Residential Tenancies Branch (RTB) re-engineering project.*

Sustainable Development

The department is committed to the Principles and Guidelines set out in The Sustainable Development Act and works to incorporate them in department activities, programs and business practices.

During 2002/2003, Manitoba Finance took the following steps in support of sustainable development:

- A Planning Committee, with department-wide representation, was established to help identify opportunities for the department to contribute to the sustainable development initiative.
- The department added Sustainable Development to its homepage on the *Intranet* site for use as an education and communication tool. Initial content included a "Procurement link" that takes the user to the Manitoba Finance homepage of the government's *Internet* site. At the Manitoba Finance homepage, there is an introduction to Sustainable Procurement which contains two further links that take the user to The Sustainable Development Act and the Green Procurement page of the Procurement Services Branch, Manitoba Transportation and Government Services.
- The following awareness and educational activities were undertaken:
    i. Safety training for the handling of toxic substances;
    ii. The Property Registry "Green Team" developed an employee awareness program and undertook a number of projects resulting in their nomination for the 2003 Manitoba Service Excellence Award; and
    iii. The Vital Statistics Agency staff attended the "Going Green 2002 - Buy Green and Prosper" conference which dealt with selecting eco-efficient products and greener purchasing.
- Additional sustainable development activities undertaken in 2002/2003 included:
    i. "Green" products and recycled materials were purchased wherever possible and the department continued to work with the Materials Distribution Agency (MDA) to identify gaps in supply and demand for products;
    ii. The department's container recycling/waste management program was expanded; and
    iii. The department began using ethanol-blended gasoline.

SPECIAL OPERATING AGENCIES

THE COMPANIES OFFICE

The Companies Office became a Special Operating Agency (SOA) on April 1, 1996. The Office continues to be part of the Manitoba Department of Finance under the general direction of the Assistant Deputy Minister, Deputy Minister and Minister.

The Office has administrative powers under the following statutes:

- The Corporations Act
- The Business Names Registration Act
- The Partnership Act
- The Religious Societies' Lands Act
- Other miscellaneous incorporation statues

Under these statutes, the general public and legal profession file documents with the Office to:

- incorporate Manitoba corporations
- register corporations incorporated outside Manitoba
- register the names of unincorporated businesses

The Office has two main functions:

1. to be a central registry of basic information about corporations and businesses. This information is available to the public for searching, and is useful to a consumer or creditor of a corporation or business.

2. to review the proposed names of corporations and businesses to ensure that they are not confusingly similar to ones already on record.

During the 2002/2003 fiscal year, Office staff responded to 218,624 requests for service from the public. This included document filings, phone inquiries and in-person searches of files.

Interested clients can access Companies Office file information from computer terminals outside the Office. Public use of this service increased over the previous year with 920,612 inquiry transactions in 2002/2003 compared to 885,643 during 2001/2002 (approximately five transactions are needed to fully search a corporation or business). This service is convenient for clients as it is quicker and easier than attending the Office, and is available Monday – Friday – 24 hours a day. It is shut down Saturday at 6:00 p.m. and brought up again on Sunday at 7:00 a.m.

The first level of appeals from name registration decisions is to the Director of the Office. During the fiscal year there were 53 objections to both registered and unregistered names, down from 75 the year before. A significant number of the objections related to unregistered businesses doing business in the province.

During the first quarter, the Office successfully implemented a new internet based name reservation system, which allows the public to reserve a business or corporate name through the internet. By the end of the year over 30% of all Name Reservations came through the internet.

Comparative Statistics

Fiscal Year	2002/2003	2001/2002	2000/2001
New Incorporations	3,576	3,270	3,324
Amendments	903	860	896
New Registrations for non-Manitoba Corporations	620	668	737
New Business Name Registrations	5,921	6,067	7,078
Personal Counter Searches of Corporate and Business Files	7,636	7,787	10,261
Name Reservation Requests	14,384	13,658	15,000
Annual Returns Processed	48,135	45,908	45,812
Telephone Inquiries	65,352	63,727	64,718
Customers at Counter	35,638	29,645	29,622
Active Corporate and Business Name Records	96,026	96,032	94,405

Fiscal Year	Actual 2002/2003	Budget 2002/2003	Variance	Note
Revenue	$4,662	$4,105	$557	1
Expenses				
Salaries and Benefits	1,397	1,466	(69)	
Operating Expenses	2,034	2,245	(211)	2
Amortization Line	18	23	(5)	
Total Expenses	**3,449**	**3,734**	**(272)**	
Net Earnings for Year	1,213	371	842	
Retained Earnings, Beginning of Year	1,509	1,509	-	
Revenue Sharing, Payment of POM	1,000	1,000	-	
Retained Earnings, End of Year	3,722	2,880	842	

Notes:

1. A rate increase July 1, 2002, as well as an increase in actual filings accounts for the increased revenue.
2. Lower Better System (BSI) costs were paid during the first year ($1,237 compared to $1,358 budget). Original budget included costs for the Manitoba Business Link (MBL) portion of the new system costs. MBL costs will be allocated in the coming year.

Manitoba Securities Commission

The Manitoba Securities Commission (the "Commission") administers the following statutes:

- The Securities Act
- The Real Estate Brokers Act
- The Mortgage Dealers Act
- The Commodity Futures Act

The Commission's role is to act in the public interest to protect Manitoba investors and to facilitate the raising of capital while maintaining fairness and integrity in the securities marketplace. Similarly, its real estate industry mandate is to regulate brokers, salespeople and mortgage dealers to ensure adequate standards are maintained for the protection of the public. The Commission performs the following activities:

- Registering securities dealers, brokers, advisors, investment counsel, portfolio managers and sales personnel;
- Reviewing prospectuses and other disclosure documents;
- Monitoring the filing of financial statements and insider trading reports;
- Licensing and regulating the activities of real estate and mortgage dealers and salespeople;
- Performing audits of registrants to ensure compliance with the requirements of the four Act noted above, and investigating suspected violations under these Acts; and
- Providing education and information services to industry members and the public.

Summary of Operations

- The Commission continues to be actively involved in several projects being undertaken by securities regulators across Canada through the Canadian Securities Administrators Association to coordinate the activities of securities regulators throughout Canada in areas of prospectus review, applications and registrations. The result of these initiatives has already become apparent in simplifying the process for national filings through a system of mutual reliance between the various jurisdictions. As the balance of the projects come to fruition there will be a more efficient level of services to the public while preserving the Commission's ability to develop local initiatives.
- Over the past few years, an online registrations system (NRD) was being developed through the CSA, and a number of Securities Commissions across Canada. NRD was developed to provide the industry with a fast and efficient method of registration, and a simple and accessible tool for querying a variety of information. The NRD system was successfully launched across Canada on March 31, 2003. Over the next few months, all users of the system will endure a learning curve. Through this period, assistance will be provided to the Manitoba Industry in the operations of NRD to ensure an effective and efficient transition.
- Locally, as of February 1, 2003 the Commission became the first Canadian jurisdiction with authority to issue an order under The Securities Act requiring repayment to an investor of financial losses of up to $100,000. An order requiring repayment can be issued if a Commission hearing determines that an investor's loss was the result from the illegal or improper conduct of the subject of the hearing. An investor who obtains an order can register it as a judgement of the court without the need to incur the expense and time associated with commencing a court action.
- The Education Program at the Commission has continued to expand during the fiscal year 2002/2003. Some of the important goals set included continuing to increase public awareness of the Commission, provide programming to meet the needs of the public and industry, and to work with other provincial regulators to increase investor knowledge on a national level.

The Commission continues to participate in various national events such as Investor Education Month, and a variety of other educational activities including the First Nation presentations, Brandon Forum, and a new registrant session. The Commission also worked in partnership with the Consumers Bureau on the "Protect Yourself" calendar and the "Hang Up on Fraud" campaign.

FINANCIAL SUMMARY

	Actuals 2002/2003	Revised Budget 2002/2003	Variance Fav/(Unfav)	Note No.
Revenue	**8,576**	**8,540**	**36**	
Expenses				
Salaries and Benefits	2,101	2,194	93	1
Operating Expenses	910	938	28	
Amortization	185	185	-	
Total Expenses	**3,196**	**3,317**	**121**	
Net Income for the Year	**5,380**	**5,223**	157	
Retained Earnings, Beginning	3,514	3,514	-	
Less: Allocated to Reserve Fund	95	95	-	
Disposition of Surplus Operating Funds	5,500	5,500	-	
Retained Earnings, Ending	**3,299**	**3,142**	**157**	

Notes:

Salaries & Benefits are lower than budgeted mainly due to vacancies of full-time positions throughout the fiscal year and staff utilization of the Voluntary Reduced Work Week program.

Statistical Summary

	2002/2003	2001/2002
The Securities Division		
Order Issues	561	606
Filings Process	2,303	1,934
Securities – Registrations Issued	10,715	7,442
Commodities – Registrations Issued	149	169
The Real Estate Division		
Order Issued	9	29
Registrations Issued	2,185	2,217

THE PROPERTY REGISTRY

The Property Registry became a Special Operating Agency on April 1, 1997. The Agency merges two distinct registries, the Land Titles Office and the Personal Property Registry. The Land Titles Office administers the provincial systems of land holding in accordance with the *Real Property Act*, *The Registry Act* and other related *Acts*, and maintains the written and drawn legal descriptions of all land in the Province of Manitoba. The Personal Property Registry records and provides information for the public concerning corporate securities, appointment of receivers and security interests in collateral in accordance with *The Personal Property Security Act*. It also provides a central registry for liens having priority under various provincial statutes.

The 2002/2003 fiscal year represented the fourth year in which the entire land titles system was able to operate via electronic processing of registrations and services. As paper-based registration instruments are converted to electronic form, each office improves its ability to accommodate increased volumes without compromising service standards and a corresponding increase in staff resources required.

The Property Registry
Comparative Highlights of Activity for 2002/2003

Item	2002/2003 Actual	2001/2002 Actual	Change Incr/(Decr)
Registrations	450,993	435,609	15,384
Services	454,024	438,309	15,715
Fee Revenues	$ 15,745.7	$ 14,472.8	$ 1,272.9
Land Transfer Tax	$ 15,373.5	$ 13,658.5	$ 1,715.0
Recoveries	$ 707.7	$ 665.0	$ 42.7
Total Revenue	**$ 31,826.9**	**$ 28,796.3**	**$ 3,030.6**
Less: Land transfer tax transferred to Province	$ (15,373.5)	$ (13,658.5)	$ (1,715.0)
Less: Expenditures	$ (12,075.2)	$ (11,323.2)	$ (752.0)
Net earnings after Land Transfer Tax transfer	$ 4,378.2	$ 3,814.6	$ 563.6
Revenue Sharing	$ 2,495.8	$ 3,100.0	$ (604.2)

The Property Registry
Financial Performance Summary for 2002/2003

Item	2002/2003 Actual	2002/2003 Budget	Variance Over/(Under)	Notes
Land Transfer Tax	$ 15,373.5	$ 13,000.0	$ 2,373.5	1
Fee and Other Revenue	$ 16,453.4	$ 14,668.3	$ 1,785.1	1
Expenses:				
Salaries and Benefits	$ 7,427.3	$ 7,897.0	$ (469.7)	2
Operating Expenses	$ 4,479.7	$ 5,040.8	$ (561.1)	2
Amortization	$ 168.2	$ 188.0	$ (19.8)	
Total Expenses	$ 12,075.2	$ 13,125.8	$ (1,050.6)	
Net Earnings	$ 4,378.2	$ 1,542.5	$ 2,835.7	
Revenue Sharing	$ 2,495.8	$ 2,300.0	$ (604.2)	

Notes:

1. Land Transfer Tax revenues were higher than budget due to a small number of unexpected large value transactions occurring in the third and fourth quarters. The continuing strength of the real estate market also helped achieve the stronger tax and fee revenue.
2. Salaries and Benefits are lower than budget as a consequence of staff reductions together with continuing vacancy management and underfilling of positions. Deferral and aggressive pursuit of savings in operating expenditures and programs (e.g. ISM computer processing charges, equipment leases, POS operation, postage and delivery, professional fees, records management, survey remonumentation, repairs and maintenance) were effective in achieving under expenditure of the budget.

VITAL STATISTICS AGENCY

The Vital Statistics Agency is responsible for administering and enforcing *The Vital Statistics Act, The Marriage Act, The Change of Name Act* and processing disinterments under *The Public Health Act.*

In March of 1994, Vital Statistics transferred from the Department of Family Services to the Department of Consumer and Corporate Affairs to facilitate implementation as a self-sustaining Special Operating Agency, effective April 1, 1994. In September 2002, the Department of Consumer and Corporate Affairs became a division of the Department of Finance.

Agency Structure

The Vital Statistics Agency Organizational structure consists of Management/Finance and three operational units: Application Processing, Customer Services, and Registration Information Systems.

Mission

The mission of the Vital Statistics Agency is "to provide the public with services relating to Manitoba vital events in a manner which effectively meets all legislative and statutory requirements".

Mandate

To fulfill this mission, Vital Statistics was mandated to:

- maintain the provincial registry for births, marriages, deaths and stillbirths; issue certificates and certified copies from vital event registrations; and provide statistical and other types of reports as well as other related services to customers in accordance with *The Vital Statistics Act*;
- under the authority delegated by the Minister, register clergy and marriage commissioners as marriage ceremony officiants, appoint marriage commissioners, register marriage licence issuers, issue marriage licences, and recognize religious denominations in accordance with *The Marriage Act*;
- register, issue certificates and conduct searches for legal changes of name in accordance with *The Change of Name Act*;
- process applications for Orders Authorizing Disinterment pursuant to *The Public Health Act*; and
- register adoptions, re-register births and amend records pursuant to *The Adoption Act,* as well as amend parentage particulars of birth records pursuant to *The Family Maintenance Act.*

COMPARATIVE ACTIVITY AND REGISTRATION STATISTICS

	Actual 2002/2003	Budget 2002/2003	Variance Fav/(unfav)	Note No.
Certificates and Certified Copies	74,603	68,400	6,203	(1)
Amendments	1,435	1,440	(5)	
Licenses	938	860	78	
Change of Name	944	900	44	
No-Cost Items	1,300	1,000	300	
Immediates	11,706	9,000	2,706	(1)
Registrations	31,275	31,000	275	
Total Activities	122,201	112,600	9,601	

FINANCIAL RESULTS SUMMARY (IN $000's)

	Actual 2002/2003	Budget 2002/2003	Variance Fav/(unfav)	Note No.
Revenue	$ 2,694	$ 2,630	$ 64	(1)
Expenses				
Salaries & Benefits	$ 1,455	$ 1,362	$ (93)	(2)
Operating Expenses	855	803	(52)	(3)
Amortization	189	198	9	
Total Expenses	$ 2,499	$ 2,363	$ (136)	
Net Earnings for Year	$ 195	$ 267	$ (72)	
Retained Earnings, Beginning of Year	936	995		
Revenue Sharing, Payment to POM	500	500		
Retained Earnings, End of Year	$ 631	$ 762		

Notes:

1. Favourable variance due to strong demand for Birth Certificates and Rush Service.

2. Unfavourable variance due to term staff required to process increased volumes and to fill in for regular staff on extended sick leave.

3. Unfavourable variance due to printing costs of regulated forms, resulting from amendments to The Vital Statistics Act, which came into force January 1, 2003.

Department of Finance
Reconciliation Statement
($000s)

Details	2002-2003 Estimate
2002-2003 Main Estimates	
Finance	$473,048.5
Consumer and Corporate Affairs	9,576.2
Transfer of functions to:	
Energy, Science and Technology	(4,868.9)
Industry, Trade and Mines	(57.2)
Allocation of Funds from:	
Enabling Appropriations re: Internal Reform, Workforce Adjustment and General Salary Increases	1,377.0
Allocation of Funds to:	
Energy, Science and Technology	(195.3)
2002-2003 Estimate	**$478,880.3**

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2003 with comparative figures for the previous fiscal year ($000s)

Estimate 2002-2003		Appropriation	Actual 2002-2003	Actual 2001-2002	Increase (Decrease)	Explanation Number
	07- 1	ADMINISTRATION AND FINANCE				
28.4	(a)	Minister's Salary	28.3	28.1	0.2	
	(b)	Executive Support				
418.2		Salaries and Employee Benefits	393.2	368.3	24.9	
85.2		Other Expenditures	92.6	116.1	(23.5)	
	(c)	Management Services				
530.0		Salaries and Employee Benefits	455.8	454.3	1.5	
69.7		Other Expenditures	52.4	60.1	(7.7)	
18.8	(d)	Tax Appeal Commission	16.6	16.8	(0.2)	
	(e)	French Language Services Secretariat				
505.5		Salaries and Employee Benefits	416.1	412.0	4.1	
446.2		Other Expenditures	340.7	416.8	(76.1)	
2,102.0		Subtotal 07- 1	1,795.7	1,872.5	(76.8)	
	07- 2	TREASURY				
	(a)	Administration				
150.1		Salaries and Employee Benefits	106.6	116.2	(9.6)	
102.8		Other Expenditures	71.7	73.9	(2.2)	
	(b)	Capital Finance				
294.1		Salaries and Employee Benefits	290.9	252.6	38.3	
33.9		Other Expenditures	32.0	34.7	(2.7)	
	(c)	Money Management and Banking				
453.1		Salaries and Employee Benefits	421.2	402.7	18.5	
76.2		Other Expenditures	65.8	77.9	(12.1)	
	(d)	Treasury Services				
532.0		Salaries and Employee Benefits	522.9	468.5	54.4	
48.4		Other Expenditures	52.2	50.3	1.9	
1,690.6		Subtotal 07- 2	1,563.3	1,476.8	86.5	

Department of Finance
Reconciliation Statement
($000s)

Details	2002-2003 Estimate
2002-2003 Main Estimates	
Finance	$473,048.5
Consumer and Corporate Affairs	9,576.2
Transfer of functions to:	
Energy, Science and Technology	(4,868.9)
Industry, Trade and Mines	(57.2)
Allocation of Funds from:	
Enabling Appropriations re: Internal Reform, Workforce Adjustment and General Salary Increases	1,377.0
Allocation of Funds to:	
Energy, Science and Technology	(195.3)
2002-2003 Estimate	**$478,880.3**

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2003 with comparative figures for the previous fiscal year ($000s)

Estimate 2002-2003		Appropriation	Actual 2002-2003	Actual 2001-2002	Increase (Decrease)	Explanation Number
	07- 1	ADMINISTRATION AND FINANCE				
28.4	(a)	Minister's Salary	28.3	28.1	0.2	
	(b)	Executive Support				
418.2		Salaries and Employee Benefits	393.2	368.3	24.9	
85.2		Other Expenditures	92.6	116.1	(23.5)	
	(c)	Management Services				
530.0		Salaries and Employee Benefits	455.8	454.3	1.5	
69.7		Other Expenditures	52.4	60.1	(7.7)	
18.8	(d)	Tax Appeal Commission	16.6	16.8	(0.2)	
	(e)	French Language Services Secretariat				
505.5		Salaries and Employee Benefits	416.1	412.0	4.1	
446.2		Other Expenditures	340.7	416.8	(76.1)	
2,102.0		Subtotal 07- 1	1,795.7	1,872.5	(76.8)	
	07- 2	TREASURY				
	(a)	Administration				
150.1		Salaries and Employee Benefits	106.6	116.2	(9.6)	
102.8		Other Expenditures	71.7	73.9	(2.2)	
	(b)	Capital Finance				
294.1		Salaries and Employee Benefits	290.9	252.6	38.3	
33.9		Other Expenditures	32.0	34.7	(2.7)	
	(c)	Money Management and Banking				
453.1		Salaries and Employee Benefits	421.2	402.7	18.5	
76.2		Other Expenditures	65.8	77.9	(12.1)	
	(d)	Treasury Services				
532.0		Salaries and Employee Benefits	522.9	468.5	54.4	
48.4		Other Expenditures	52.2	50.3	1.9	
1,690.6		Subtotal 07- 2	1,563.3	1,476.8	86.5	

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2003 with comparative figures for the previous fiscal year ($000s)

Estimate 2002-2003		Appropriation	Actual 2002-2003	Actual 2001-2002	Increase (Decrease)	Explanation Number
	07- 3	COMPTROLLER				
	(a)	Comptroller's Office				
146.3		Salaries and Employee Benefits	144.8	137.4	7.4	
18.4		Other Expenditures	26.4	34.6	(8.2)	
	(b)	Information Technology Services				
376.0		Salaries and Employee Benefits	320.5	403.7	(83.2)	
72.9		Other Expenditures	63.8	74.7	(10.9)	
	(c)	Disbursements and Accounting				
1,943.1		Salaries and Employee Benefits	2,024.3	1,946.2	78.1	
826.1		Other Expenditures	869.2	885.6	(16.4)	
(358.6)		Less: Recoverable from Other Appropriations	(315.7)	(316.6)	0.9	
	(d)	Legislative Building Information Systems				
797.4		Salaries and Employee Benefits	802.5	758.8	43.7	
279.8		Other Expenditures	262.1	314.3	(52.2)	
	(e)	Internal Audit and Consulting Services				
1,739.2		Salaries and Employee Benefits	1,541.5	1,563.1	(21.6)	
208.4		Other Expenditures	190.6	217.2	(26.6)	
	(f)	Enterprise System Management				
2,305.4		Salaries and Employee Benefits	2,482.5	2,536.6	(54.1)	
5,220.5		Other Expenditures	4,763.8	5,524.1	(760.3)	1
13,574.9		Subtotal 07- 3	13,176.3	14,079.7	(903.4)	

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2003 with comparative figures for the previous fiscal year ($000s)

Estimate 2002-2003		Appropriation	Actual 2002-2003	Actual 2001-2002	Increase (Decrease)	Explanation Number
	07- 4	TAXATION				
	(a)	Management and Research				
1,119.8		Salaries and Employee Benefits	907.6	999.1	(91.5)	
173.0		Other Expenditures	145.6	157.3	(11.7)	
	(b)	Taxation Administration				
3,134.4		Salaries and Employee Benefits	3,051.9	2,999.4	52.5	
3,734.2		Other Expenditures	9,762.3	4,051.6	5,710.7	2
	(c)	Audit				
5,398.6		Salaries and Employee Benefits	5,212.4	5,041.8	170.6	
1,026.9		Other Expenditures	933.0	987.0	(54.0)	
	(d)	Tobacco Interdiction				
582.7		Salaries and Employee Benefits	496.7	504.8	(8.1)	
253.1		Other Expenditures	240.0	234.1	5.9	
15,422.7		Subtotal 07- 4	20,749.5	14,975.1	5,774.4	
	07- 5	FEDERAL-PROVINCIAL RELATIONS AND RESEARCH				
	(a)	Economic and Federal-Provincial Research				
1,465.1		Salaries and Employee Benefits	1,405.9	1,393.2	12.7	
1,217.5		Other Expenditures	1,329.7	1,743.8	(414.1)	3
	(b)	Manitoba Tax Assistance Office				
368.2		Salaries and Employee Benefits	301.7	292.6	9.1	
70.9		Other Expenditures	76.0	80.4	(4.4)	
3,121.7		Subtotal 07- 5	3,113.3	3,510.0	(396.7)	

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2003 with comparative figures for the previous fiscal year ($000s)

Estimate 2002-2003		Appropriation	Actual 2002-2003	Actual 2001-2002	Increase (Decrease)	Explanation Number
	07- 6	INSURANCE AND RISK MANAGEMENT				
318.9	(a)	Salaries and Employee Benefits	312.5	311.8	0.7	
54.5	(b)	Other Expenditures	50.0	46.6	3.4	
2,000.0	(c)	Insurance Premiums	1,919.6	1,561.5	358.1	4
(2,000.0)	(d)	Less: Recoverable from Other Appropriations	(1,919.6)	(1,561.5)	(358.1)	4
373.4		Subtotal 07- 6	362.5	358.4	4.1	
	07- 7	TREASURY BOARD SECRETARIAT				
4,382.4	(a)	Salaries and Employee Benefits	3,842.9	3,853.3	(10.4)	
841.7	(b)	Other Expenditures	824.9	936.5	(111.6)	
5,224.1		Subtotal 07- 7	4,667.8	4,789.8	(122.0)	
	07- 9	AMORTIZATION AND OTHER COSTS RELATED TO CAPITAL ASSETS				
	(a)	Enterprise System				
3,527.6		Amortization Expense	3,444.6	3,444.6		
(3,527.6)		Less: Recoverable from other appropriations	(3,444.6)	(3,444.6)		
	(b)	Desktop Services				
345.2		Amortization Expense - Hardware and Transition	354.3	491.9	(137.6)	
61.9		Amortization Expense - Enterprise Software	59.3	123.0	(63.7)	
162.7		Enterprise Software Licenses	162.7	-	162.7	
1,938.2	(c)	Amortization Expense	1,611.7	836.8	774.9	
3,999.1	(d)	Interest Expense	3,803.6	3,454.2	349.4	
6,507.1		Subtotal 07- 9	5,991.6	4,905.9	1,085.7	5

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2003 with comparative figures for the previous fiscal year ($000s)

Estimate 2002-2003		Appropriation	Actual 2002-2003	Actual 2001-2002	Increase (Decrease)	Explanation Number
	07-10	NET TAX CREDIT PAYMENTS				
174,551.0		Manitoba Education Property Tax Credit	162,689.3	166,297.3	(3,608.0)	
51,345.0		Personal Tax Credit	49,200.9	51,292.7	(2,091.8)	
		Manitoba Learning Tax Credit	310.6	11,070.4	(10,759.8)	
3,288.0		Pensioners' School Tax Assistance	2,809.4	3,330.0	(520.6)	
685.0		Political Contribution Tax Credit	607.7	494.9	112.8	
500.0		Environmentally Sensitive Areas Tax Credit	1.0	-	1.0	
875.0		Federal Administration Fee	861.7	859.1	2.6	
		Less: Recoverable from Advanced Education				
		Manitoba Learning Tax Credit	(310.6)	(11,070.4)	10,759.8	
		Less: Recoverable from Education, Training and Youth:				
(174,551.0)		Manitoba Education Property Tax Credit	(162,689.3)	(166,297.3)	3,608.0	
(3,288.0)		Pensioners' School Tax Assistance	(2,809.4)	(3,330.0)	520.6	
53,405.0		Subtotal 07-10	50,671.3	52,646.7	(1,975.4)	6
	07-11	PUBLIC DEBT				
	(a)	Interest on:				
1,254,335.6		the Public Debt of Manitoba and related expenses	1,271,110.3	1,605,705.4	(334,595.1)	
41,885.0		Trust and Special Funds	38,464.6	56,762.7	(18,298.1)	
	(b)	Less: Interest and Other Charges to be received from:				
(242,400.0)		Sinking Fund Investments	(252,953.8)	(310,263.5)	57,309.7	
(534,320.1)		Manitoba Hydro	(576,654.8)	(781,896.1)	205,241.3	
(33,287.7)		Manitoba Housing and Renewal Corporation	(32,085.8)	(34,181.9)	2,096.1	
(19,836.4)		Manitoba Agricultural Credit Corporation	(20,215.9)	(20,266.0)	50.1	
(9,953.1)		Other Government Agencies	(11,746.4)	(12,248.9)	502.5	
(67,811.0)		Other Loans and Investments	(74,759.7)	(89,483.7)	14,724.0	
(20,302.2)		Other Appropriations	(19,739.0)	(19,286.2)	(452.8)	
368,310.1		Subtotal 07-11	321,419.5	394,841.8	(73,422.3)	7
469,731.6		Sub Total 07	423,510.8	493,456.7	(69,945.9)	

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2003 with comparative figures for the previous fiscal year ($000s)

Estimate 2002-2003		Appropriation	Actual 2002-2003	Actual 2001-2002	Increase (Decrease)	Explanation Number
	05 -	**CONSUMER AND CORPORATE AFFAIRS**				
	05- 1	ADMINISTRATION AND FINANCE				
	(b)	Executive Support				
		Salaries and Employee Benefits	60.7		60.7	8
10.0		Other Expenditures	4.9		4.9	8
	(c)	Administrative Services				
537.2		Salaries and Employee Benefits	483.2	536.0	(52.8)	
201.1		Other Expenditures	188.7	212.1	(23.4)	
(185.0)		Less: Recoverable from Other Appropriations	(185.0)	(180.5)	(4.5)	
	(d)	Research and Planning				
179.8		Salaries and Employee Benefits	170.4	171.2	(0.8)	
48.2		Other Expenditures	43.8	30.8	13.0	
791.3		Subtotal 05- 1	766.7	769.6	(2.9)	
	05- 2	CONSUMER AFFAIRS				
	(a)	Consumers' Bureau				
932.9		Salaries and Employee Benefits	930.2	937.1	(6.9)	
250.6		Other Expenditures	221.4	270.7	(49.3)	
	(b)	Residential Tenancies Branch				
2,770.7		Salaries and Employee Benefits	2,610.7	2,560.3	50.4	
706.7		Other Expenditures	706.4	734.9	(28.5)	
	(c)	Automobile Injury Compensation Appeals Commission				
465.4		Salaries and Employee Benefits	467.3	437.9	29.4	
122.9		Other Expenditures	117.3	109.1	8.2	
	(d)	Residential Tenancies Commission				
448.2		Salaries and Employee Benefits	467.1	459.0	8.1	
109.3		Other Expenditures	94.3	100.6	(6.3)	
88.7	(e)	Grants	90.7	87.7	3.0	
5,895.4		Subtotal 05- 2	5,705.4	5,697.3	8.1	

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2003 with comparative figures for the previous fiscal year ($000s)

Estimate 2002-2003		Appropriation	Actual 2002-2003	Actual 2001-2002	Increase (Decrease)	Explanation Number
	05- 3	CORPORATE AFFAIRS				
	(a)	Financial Institutions Regulation				
697.0		Salaries and Employee Benefits	608.0	688.0	(80.0)	
259.0		Other Expenditures	241.6	248.1	(6.5)	
	(b)	Public Utilities Board				
543.6		Salaries and Employee Benefits	463.3	507.1	(43.8)	
713.1		Other Expenditures	588.9	572.1	16.8	
2,212.7		Subtotal 05- 3	1,901.8	2,015.3	(113.5)	
	05- 4	AMORTIZATION AND OTHER COSTS RELATED TO CAPITAL ASSETS				
	(a)	Desktop Services				
94.7		Amortization Expense - Hardware and Transition	94.9	132.1	(37.2)	
16.9		Amortization Expense - Enterprise Software	15.9	33.1	(17.2)	
38.4		Enterprise Software Licenses	38.4	-	38.4	
63.3	(b)	Amortization Expense	57.2	54.7	2.5	
36.0	(c)	Interest Expense	11.9	2.2	9.7	
249.3		Subtotal 05- 4	218.3	222.1	(3.8)	
9,148.7		Sub Total 05	8,592.2	8,704.3	(112.1)	
478,880.3		Total Expenditures	432,103.0	502,161.0	(70,058.0)	

Manitoba Finance

Expenditure Variance Explanations

for expenditures for the fiscal year ended March 31, 2003 as compared to figures for the previous fiscal year

Explanation Number:

1. Decrease is due to renegotiated lease/maintenance contracts.
2. Increase is due to an increase in the provision for taxation receivables deemed uncollectible.
3. Decrease is essentially due to a reduction in the accrual for the Tax on Net Income Administration Fee.
4. Increase is due to increase in insurance premiums offset by corresponding increase in recoveries from other appropriations.
5. Net increase is essentially due to deployment of the integrated taxation system assets developed under the Better Systems Initiative.
6. Net decrease is due to a decrease in the Personal Tax Credit resulting from rising incomes and a decrease resulting from the elimination of the Manitoba Learning Tax Credit and reduction in the Manitoba Property Tax Credits, both of which are offset by corresponding adjustment in recoveries.
7. Net decrease is due to foreign exchange rates and interest rates.
8. Increase is due to the establishment of the Assistant Deputy Minister's office as a result of Consumer and Corporate Affairs becoming a division under the Department of Finance.

Manitoba Finance

Revenue Summary

for the fiscal year ended March 31, 2003 with comparative figures for the previous fiscal year ($000s)

Actual 2001-2002	Actual 2002-2003	Increase (Decrease)		Source	Actual 2002-2003	Estimate 2002-2003	Variance	Expl. No.
				CURRENT OPERATING PROGRAMS				
				TAXATION				
1,658,961.6	1,636,187.1	(22,774.5)	a	Individual Income Tax	1,636,187.1	1,682,300.0	(46,112.9)	1
306,381.0	160,512.8	(145,868.2)	b	Corporation Income Tax	160,512.8	146,500.0	14,012.8	2
132,431.6	139,340.1	6,908.5	c	Corporation Capital Tax	139,340.1	129,000.0	10,340.1	3
156,590.1	161,118.3	4,528.2	d	Gasoline Tax	161,118.3	157,600.0	3,518.3	4
43,226.7	48,500.6	5,273.9	e	Insurance Corporation Tax	48,500.6	42,363.0	6,137.6	5
244,415.8	257,281.8	12,866.0	f	Levy for Health and Education	257,281.8	243,300.0	13,981.8	6
13,646.8	15,370.4	1,723.6	g	Land Transfer Tax	15,370.4	13,000.0	2,370.4	7
358.9	142.2	(216.7)	h	Succession Duty and Gift Tax	142.2	0.0	142.2	8
71.2	71.1	(0.1)	i	Mining Claim Lease Tax	71.1	72.0	(0.9)	
9,357.1	17,541.1	8,184.0	j	Mining Tax	17,541.1	17,500.0	41.1	9
66,281.0	70,131.9	3,850.9	k	Motive Fuel Tax	70,131.9	67,700.0	2,431.9	10
965,559.8	1,006,583.5	41,023.7	l	Retail Sales Tax	1,006,583.5	1,032,500.0	(25,916.5)	11
65,923.8	71,071.8	5,148.0	m	*Revenue Act, 1964, Part 1*	71,071.8	65,600.0	5,471.8	12
138,301.9	180,508.6	42,206.7	n	Tobacco Tax	180,508.6	178,000.0	2,508.6	13
3,399.6	3,212.7	(186.9)	o	Environmental Protection Tax	3,212.7	3,000.0	212.7	
3,804,906.9	3,767,574.0	(37,332.9)		Subtotal	3,767,574.0	3,778,435.0	(10,861.0)	
				GOVERNMENT OF CANADA				
1,399,151.0	1,337,625.0	(61,526.0)	a	Equalization	1,337,625.0	1,481,300.0	(143,675.0)	14
685,235.8	755,985.0	70,749.2	b	Canada Health and Social Transfer (CHST)	755,985.0	728,800.0	27,185.0	15
2,315.6	2,247.3	(68.3)	c	Government of Canada Subsidy	2,247.3	2,200.0	47.3	
2,086,702.4	2,095,857.3	9,154.9		Subtotal	2,095,857.3	2,212,300.0	(116,442.7)	
				OTHER REVENUE				
624.4	676.0	51.6	a	Automobile Injury Appeals Commission Cost Recovery	676.0	669.7	6.3	
1,021.7	1,383.8	362.1	b	Consumer Affairs Fees	1,383.8	1,326.5	57.3	
792.1	825.0	32.9	c	Insurance Act Fees and Cost Recovery	825.0	806.0	19.0	
1,452.3	1,498.4	46.1	d	Public Utilities Board Cost Recovery	1,498.4	1,373.0	125.4	
19,379.2	36,920.9	17,541.7	e	Refund of Prior Years' Expenditures	36,920.9	2,000.0	34,920.9	16
295.3	253.3	(42.0)	f	Trust and Loan Fees	253.3	250.0	3.3	
469.2	498.3	29.1	g	Sundry	498.3	413.1	85.2	
24,034.2	42,055.7	18,021.5		Subtotal	42,055.7	6,838.3	35,217.4	
5,915,643.5	5,905,487.0	(10,156.5)		Total Current Operating Programs	5,905,487.0	5,997,573.3	(92,086.3)	

Manitoba Finance

Revenue Variance Explanations

for the fiscal year ended March 31, 2003

EXPLANATION NUMBER:

1. **Individual Income Tax:** $22,774.5 under 2001/2002 Actual
$46,112.9 under 2002/2003 Estimate

Total Corporation Income Tax revenue consists of advance payments from the federal government for the tax years falling within the fiscal year, plus or minus adjustments for prior years based on actual tax returns assessed by Revenue Canada.

The decrease from 2001/2002 actual and reduction from 2002/2003 estimate is due to adjustments for in-year entitlements.

2. **Corporate Income Tax:** $145,868.2 under 2001/2002 Actual
$14,012.8 over 2002/2003 Estimate

Total Individual Income Tax revenue consists of advance payments from the federal government for the tax years falling within the fiscal year, plus or minus adjustments for prior years based on actual tax returns assessed by Revenue Canada.

The decrease from 2001/2002 actual is due to a decline in national corporate taxable income and in the provincial share. The increase from 2002/2003 estimate is due to an increase in in-year entitlement and a further increase in the Preferred Share Dividend Tax Credit.

3. **Corporation Capital Tax:** $6,908.5 over 2001/2002 Actual
$10,340.1 over 2002/2003 Estimate

Increase reflects growth in taxable capital and timing differences on the receipt of instalment payments.

Manitoba Finance

Revenue Variance Explanations

for the fiscal year ended March 31, 2003

EXPLANATION NUMBER:

4. **Gasoline Tax:** $4,528.2 over 2001/2002 Actual
$3,518.3 over 2002/2003 Estimate

Increase is due to greater than anticipated consumption resulting from lower than average gasoline prices.

5. **Insurance Corporation Tax:** $5,273.9 over 2001/2002 Actual
$6,137.6 over 2002/2003 Estimate

Increase is due to greater market penetration and a general increase in premiums due to higher claims, reinsurance costs and to offset lower investment income.

6. **Levy for Health and Education:** $12,866.0 over 2001/2002 Actual
$13,981.8 over 2002/2003 Estimate

Increase is due to high employment levels, wage settlements and the results of a project that identified non-registered employers.

7. **Land Transfer Tax:** $1,723.6 over 2001/2002 Actual
$2,370.4 over 2002/2003 Estimate

Increase is due to stronger than anticipated Winnipeg real estate market.

8. **Succession Duty and Gift Tax** $216.7 under 2001/2002 Actual
$142.2 over 2002/2003 Estimate

Decrease from 2001/2002 and increase from 2002/2003 estimate is due to the settlement of a large estate in the prior year and two smaller estates in the current year.

Revenue Variance Explanations

for the fiscal year ended March 31, 2003

EXPLANATION NUMBER:

9. **Mining Tax:** $8,184.0 over 2001/2002 Actual

Increase from 2001/2002 actual is due to increase in base metal prices resulting in taxable profits by mining companies.

10. **Motive Fuel Tax:** $3,850.9 over 2001/2002 Actual
$2,431.9 over 2002/2003 Estimate

Increase is due to an increase in consumption resulting from increased commercial trucking activity.

11. **Retail Sales Tax:** $41,023.7 over 2001/2002 Actual
$25,916.5 under 2002/2003 Estimate

Increase from 2001/2002 actual is due to growth in retail and vehicle sales. Decrease from 2002/2003 estimate is due to lower than projected consumer spending and delayed implementation of retail sales tax on mechanical and electrical contracts.

12. **Revenue Act, 1964, Part 1** $5,148.0 over 2001/2002 Actual
$5,471.8 over 2002/2003 Estimate

Increase is due to increase in natural gas prices and increased consumption of hydro and natural gas due to a colder than normal winter.

13. **Tobacco Tax:** $42,206.7 over 2001/2002 Actual

Increase reflects the impact of the higher tax rates.

Manitoba Finance

Revenue Variance Explanations

for the fiscal year ended March 31, 2003

EXPLANATION NUMBER:

14. **Equalization:** $61,526.0 under 2001/2002 Actual
$143,675.0 under 2002/2003 Estimate

Equalization revenue is based on in-year entitlements combined with adjustments to entitlements for prior entitlement years.

15. **Canada Health and Social Transfer:** $70,749.2 over 2001/2002 Actual
$27,185.0 over 2002/2003 Actual

Increase from 2001/2002 actual and 2002/2003 estimate is due to the correction of the Mutual Fund Trust error and the resulting adjustment to the calculation of CHST cash.

16. **Refund of Prior Years' Expenditures:** $17,541.7 over 2001/2002 Actual
$34,920.9 over 2002/2003 Estimate

Increase from 2001/2002 actual is essentially due to an adjustment made in the prior year related to the accrual for agricultural programs under the Canadian Farm Income Program, the provincial share of the Canada-Manitoba Adjustment Program and unearned funding of the Morris Macdonald School Division. Increase from 2002/2003 estimate reflects fluctuations in receipt of departmental refunds and adjustments for prior year accruals/expenditures.

Manitoba Finance

Five-Year Operating Expenditure and Staffing Summary by Main Appropriation

for the fiscal years ended March 31, 1999 to March 31, 2003 *

Main Appropriation		1998-1999		1999-2000		2000-2001		2001-2002		2002-2003	
		FTEs	$000s	FTEs	$000s	FTEs	$000s	FTEs	$000s	FTEs	$000s
Finance:											
07-1	Administration and Finance	21.00	1,206.1	24.00	1,805.2	28.00	1,801.0	28.00	1,872.5	28.00	1,795.7
07-2	Treasury	26.00	1,641.9	25.00	1,717.6	25.00	1,705.4	25.00	1,476.8	25.00	1,563.3
07-3	Comptroller	111.50	5,912.5	102.25	10,779.9	134.25	14,177.5	135.25	14,079.7	130.35	13,176.3
07-4	Taxation	188.92	14,444.6	192.92	24,123.5	193.92	14,895.5	195.92	14,975.1	195.92	20,749.5
07-5	Federal-Provincial Relations and Research	26.25	1,770.1	26.25	1,845.8	27.75	2,218.0	29.25	3,510.0	29.25	3,113.3
07-6	Insurance and Risk Management	4.00	260.8	5.29	328.8	5.29	349.6	5.29	358.4	5.20	362.5
07-7	Treasury Board Secretariat	65.00	4,139.0	65.00	4,266.7	65.00	4,663.1	66.00	4,789.8	66.00	4,667.8
07-9	Amortization and Other Costs Related to Capital Assets				782.3		1,216.3		4,905.9		5,991.6
07-10	Net Tax Credit Payments		57,090.0		56,721.2		51,121.2		52,646.7		50,671.3
07-11	Public Debt (Statutory)		515,365.6		465,322.0		510,722.7		394,841.8		321,419.5
Subtotal		442.67	601,830.6	440.71	567,693.0	479.21	602,870.3	484.71	493,456.7	479.72	423,510.8
	Consumer and Corporate Affairs										
05-1	Administration and Finance	16.28	616.5	15.78	657.3	15.78	716.5	15.78	769.6	15.78	766.7
05-2	Consumer Affairs	84.00	4,889.2	84.00	5,363.1	84.00	5,416.7	87.00	5,697.3	86.50	5,705.4
05-3	Corporate Affairs	50.73	3,849.4	15.23	2,148.9	21.73	2,055.0	20.73	2,015.3	19.73	1,901.8
05-4	Amortization and Other Costs Related to Capital Assets				197.3		221.6		222.1		218.3
Subtotal		158.01	9,733.9	115.01	8,366.6	121.51	8,409.8	123.51	8,704.3	122.01	8,592.2
Total Appropriations		600.68	611,564.5	555.72	576,059.6	600.72	611,280.1	608.22	502,161.0	601.73	432,103.0

* Adjusted expenditures have been adjusted for comparative purposes. Adjustments are for: i) the transfer of the French Language Services Secretariat from Highways and Government Services to the Administration and Finance Division, ii) the transfer of the Education Property Tax support to Education and Training, iii) the transfer of Labour Relations from the Civil Service Commission to Treasury Board Secretariat, iv) the transfer of Office of Information Technology and related Amortization costs to Energy, Science and Technology, v) the transfer of Consumer and Corporate Affairs to Finance and vi) an adjustment for interest expense on capital assets.

Manitoba Finance

Five-Year Operating Expenditure and Staffing Summary by Main Appropriation

for the fiscal years ended March 31, 1999 to March 31, 2003 *

Main Appropriation		1998-1999		1999-2000		2000-2001		2001-2002		2002-2003	
		FTEs	$000s	FTEs	$000s	FTEs	$000s	FTEs	$000s	FTEs	$000s
Finance:											
07-1	Administration and Finance	21.00	1,206.1	24.00	1,805.2	28.00	1,801.0	28.00	1,872.5	28.00	1,795.7
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07-9	Amortization and Other Costs Related to Capital Assets				782.3		1,216.3		4,905.9		5,991.6
07-10	Net Tax Credit Payments		57,090.0		56,721.2		51,121.2		52,646.7		50,671.3
07-11	Public Debt (Statutory)		515,365.6		465,322.0		510,722.7		394,841.8		321,419.5
Subtotal		442.67	601,830.6	440.71	567,693.0	479.21	602,870.3	484.71	493,456.7	479.72	423,510.8
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Total Appropriations		600.68	611,564.5	555.72	576,059.6	600.72	611,280.1	608.22	502,161.0	601.73	432,103.0

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Includes 15% post-consumer waste